

FINANCIAL TIMES

No.30,712

Tuesday December 6 1988

D 8523 A

THE UN'S ROLE

A quest for new self-respect

Page 25

World News

Cameroon school stampede kills 55

At least 55 children were killed and 100 wounded in a stampede in a school in the Cameroon capital Yaounde...

21 days for Shamir Israeli President Chaim Herzog, accusing Israeli leaders of policy blunders...

Athens attacks

Four bomb blasts caused minor damage to two suburban political party offices...

Algiers blast kills 18

Eighteen people were killed and eight seriously injured in a gas explosion...

Beirut car bombs

Two car bombs exploded in a Syrian-controlled area of Lebanon...

Belgrade retaliates

Yugoslavia expelled three Australian diplomats in retaliation for the closure of the Yugoslav consulate in Sydney...

Satellite deployed

The crew of the space shuttle Atlantis has successfully deployed a \$50m spy satellite...

Karachi gun attack

A masked gunman sprayed bullets at Iranian refugees outside a United Nations office in Karachi...

Nuclear plant report

A blocked valve in the Bilibis nuclear power plant near Darmstadt, West Germany...

Nigerian rail strike

A strike by Nigerian railway workers over a pay dispute entered its second week...

'42 die on bus'

Anti-Communist Moslem rebels opened fire on a passenger bus near Afghanistan's north-western city of Kanduz...

Vincennes accused

International Civil Aviation Organisation report concluded that Navy personnel on board the USS Vincennes made several mistakes...

Hirohito crisis

Japan's Emperor Hirohito survived the worst crisis of his 12-week illness when he lost a litre of blood...

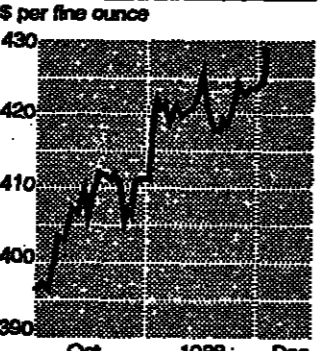
Business Summary

Mitsubishi offer brings instant 70% premium

MIITSUBISHI Motors Corporation shares, launched on the Tokyo Stock Exchange...

PLATINUM price in London reached its highest level for six months. GOLD reached a three-month peak...

Gold



again this week. In early trading in New York gold bullion reached \$431 a troy ounce...

INTERNATIONAL Thomson

Organisation announced that it intends to sell its North Sea oil and gas interests in order to concentrate on its main businesses...

WEST GERMANY notched up

yet another large trade surplus of DM10.6bn (\$6.2m) in October...

BANQUE INTERNATIONALE

pour l'Afrique Occidentale, the 128-year-old French bank which used to issue currency for Francophone West Africa...

FLETCHER Challenge, New Zealand's biggest company,

revealed itself as the second largest shareholder in CSB, the Australian building products, sugar and aluminium group...

DEUTSCHE BANK faces being

taken to court by the West German shareholder protection organisation, the DSW...

NORWAY announced the

details of a modest liberalisation of credit market policy...

BRITISH consumers' outstanding

credit showed the smallest rise for nearly two years in October but retail sales remained buoyant...

STATOIL, Norwegian state

oil company, approved participation in a Nkr1.4bn (\$215m) joint venture project with Humint...

INTEL, a leading US maker

of semiconductors, which last month warned of a significant drop in fourth quarter revenues...

Moscow praises sterling efforts of the Iron Lady

By John Lloyd in Moscow

TWO OF the Soviet Union's most important daily newspapers, the Communist Party's Pravda and Sotsialisticheskaya Industriya, have published unambiguous tributes to Thatcher...

The articles come on the eve of the tour by Mr Mikhail Gorbachev, the Soviet leader, of the US, Cuba and Britain...

Pravda's article, by Mr Vsevolod Evchinnikov, a former London correspondent of the newspaper, paints a bleak picture of pre-Thatcher Britain...

Then the Iron Lady arrived, apparently proclaiming the slogan hitherto little known (to the British): "You only get free cheese in mousetraps"...

turned the economy round; "accelerated the growth of the country" to up to 4 per cent, higher than other major capitalist countries...

Like Mr Evchinnikov, he says the British were "fed up" with the decline of their country. The British ruling class, in desperation, turned to Mrs Thatcher...

The key sectors of banking, finance and service industries were targeted and they achieved most success...

such as cars, steel and chemicals. Every third Briton - Mr Evchinnikov says every fifth - is a shareholder but they agree that 60 per cent own their own homes...

Mrs Thatcher has kept in mind, says Mr Makarevich, the completion of the European internal market by 1992...

Both writers agree, however, on the opposition, saying that neither the Labour Party nor the centre parties are likely to win the next election...

They are also indifferent or scathing about the trade unions: Mr Evchinnikov noting their decline and inability to challenge the Government...

Mr Makarevich says that "overcoming them (the unions) proved easy, since the leadership was paralysed by bureaucracy and fear of the scientific technical revolution."

Industrialised nations cut import curbs on developing countries

By William Dufforce in Montreal

THE FIRST important breakthrough in the Montreal trade talks came yesterday when the industrialised nations agreed to abolish or cut import barriers to a large number of tropical products...

The agreement, which was finalised only a few hours before 90 ministers opened their formal assembly...

However, while the deal removed one obstacle to a successful outcome for the ministers' mid-term review of the four-year trade-liberalising round, it did nothing to resolve the crucial impasse over agriculture...

The EC, Japan and eight other industrial nations said they would put the accord into effect if necessary without US participation...

EC officials were particularly pleased with the agreement, which they claimed left the US increasingly isolated...

Gorbachev to seek agreement on arms negotiations

By Quentin Peel in Moscow, David White in London and Judy Dempsey in Vienna

MR MIKHAIL Gorbachev, Soviet leader, today leaves behind his domestic problems to embark on an eight-day overseas trip. He is expected to press the US and Britain to acknowledge Soviet improvements in human rights...

Several of the final obstacles to negotiations on conventional weapons in Europe have been overcome in the past few days and diplomats say Mr Gorbachev is likely to be looking for a breakthrough...

Western diplomats confirmed yesterday that Nato countries had reached broad agreement on an alliance position in the talks, demanding deep cuts in Warsaw Pact tanks and artillery...

Washington and London have taken some of the toughest positions in the Western camp on the price Moscow must pay for an agreement at the East-West conference in Vienna...

Mr Gorbachev will tomorrow address the UN General Assembly in New York and later meet President Ronald Reagan, and President-elect George Bush...

Industrialised nations cut import curbs on developing countries

By William Dufforce in Montreal

THE FIRST important breakthrough in the Montreal trade talks came yesterday when the industrialised nations agreed to abolish or cut import barriers to a large number of tropical products...

The agreement, which was finalised only a few hours before 90 ministers opened their formal assembly...

However, while the deal removed one obstacle to a successful outcome for the ministers' mid-term review of the four-year trade-liberalising round, it did nothing to resolve the crucial impasse over agriculture...

The EC, Japan and eight other industrial nations said they would put the accord into effect if necessary without US participation...

EC officials were particularly pleased with the agreement, which they claimed left the US increasingly isolated...

Mr Richard Lyng, the US Agriculture Secretary, dashed hopes that the US might change its standpoint on agriculture after his arrival...

Mr Willy de Clercq, the EC Commissioner for Trade Affairs, said after meeting Mr Lyng that he had been "disagreeably surprised" by the Agriculture Secretary's refusal to modify the US position in any way...

The Americans are demanding that the EC commit itself to the long-term elimination of all trade-distorting supports to farm production and exports...

EC ministers in Montreal opened the way for the deal on tropical products with 11 developing countries by agreeing to cuts in tariffs and the removal of quotas on goods with a total current import value of between \$9.5bn and \$10bn a year...

In addition to coffee, cocoa and rubber, other products covered include tea, spices, tropical woods, fruits and nuts, jute and cut flowers...

Protests from some of the more than 60 African, Caribbean and Pacific (ACP) countries, whose exports to the EC currently enjoy preferences under the Lomé convention (currently under re-negotiation in Brussels), led to modifications...

In another gesture to Third World participants in the trade talks the EC is dropping its tariff and other barriers to imports from 42 least developed countries (LDCs)...

Japan will ease access to its market for about one-third of its imports of tropical products. It put the annual value of the imports covered at about \$3.3bn...

Australia, Austria, Canada, New Zealand, the three Nordic countries and Switzerland have joined the agreement...

The developing countries who will benefit include some of the biggest exporters of tropical products - Brazil, Malaysia, Mexico, the Philippines and Thailand...

An innovative aspect is that the deal is genuinely two-way, with the developing countries opening their markets as well. In many cases they have been "credited" for liberalising measures taken earlier...

The agreement will come into effect next year on a provisional basis, waiting for a more complete accord on tropical products to be realised at the Uruguay Round in 1990...

The US concessions, comprising 25 per cent cuts in tariffs on a relatively short list of products, have been placed in an annex to the agreement. More Montreal reports, Page 6



Key members of the new Korean Cabinet: Prime Minister Kang Young-hoon (left) and Foreign Minister Choi Ho-joong

Roh purges Cabinet of Chun associates

By Maggie Ford in Seoul

PRESIDENT Roh Tae Woo of South Korea yesterday sacked almost his entire Cabinet in a sweeping reshuffle designed to remove political figures associated with the regime of Mr Chun Doo Hwan...

He appointed 23 new ministers, including Mr Kang Young Hoon as Prime Minister. Mr Kang, who was recently ambassador to the UK, was forced in 1981 to step down from a military post because of his opposition to the coup d'état of former President Park Chung Hee...

The new Cabinet contains an entirely new economic team which is expected, however, to pursue the current policies of market opening and internationalisation, along with the stimulation of domestic demand...

Mr Roh was forced to turn to diplomatic and academic circles in his effort to find politicians untainted by the military excesses of Mr Chun, who is now in internal exile at a Buddhist monastery. The new Cabinet still contains a few hardliners but observers noted that the generals who got jobs were more professionally minded than in the past and often educated abroad...

Opposition parties were sceptical of the President's sincerity, noting that several people who have been criticised for their behaviour under former President Chun either were still in the Cabinet or the presidential secretariat of advisors. They also criticised Mr Roh's decision to ignore the National Assembly's constitutional right to approve the Prime Minister, who should then himself choose a Cabinet...

Continued on Page 26



Key members of the new Korean Cabinet: Prime Minister Kang Young-hoon (left) and Foreign Minister Choi Ho-joong

Lacklustre market greets first day for British Steel issue

By Phillip Coggan in London

BRITISH Steel shares achieved only a modest 24p premium yesterday, the first day of dealings, as the gloomy London stock market took its toll on the prospects for the UK Government's latest privatisation issue...

The shares reached a high of 65p, compared with the 60p first instalment price, in early trading but quickly slipped back, with some market-makers quoting a bid price of 58p at one stage. In late trading, the shares recovered to 62 1/2p...

The minimal premium will have been a disappointment to those who hoped that the oversubscription of the public offer might lead to instant profits. A small investor, who was allocated 400 shares, would make a loss after dealing costs if he sold while prices remained at the current level...

Yesterday's turnover in Steel was 261m shares, over one eighth of the equity, although that figure will include the double-counting of deals between market-makers...

On the options floor, around 20,500 contracts were traded, equivalent to some 20m shares. Most of the business was conducted in the first few minutes with 5m shares traded in the first minute and 104m shares traded in the first 10 minutes. Private investors will not be sent their allotment letters until next Monday...

When the Steel price was first announced, the Government was charged with selling the company "on the cheap" at \$2.5bn (\$438m). However, ever since the prospectus was issued on November 23, the stock market has been in retreat...

In the wake of October's record trade deficit and the subsequent rise in interest rates, the FT-SE 100 Index has dropped by 4 per cent in the last fortnight. Yesterday, the index fell a further 17.7 points at one stage before recovering on the back of a buoyant Wall Street to close 3.4 points lower at 1,761.6...

Despite the uncertain stock market, some applicants appear to have attempted to grab more than their fair share of British Steel shares. Touche Ross, the accountancy firm, said yesterday it was investigating around 2,000 applications for possible fraud...

A search of the application lists, which involves cross-checking names and addresses against suggested multiple applicants in previous privatisations, is continuing...

Sir Robert Scholey, British Steel's chairman, was yesterday awarded the title of J O Hambro Businessman of the Year...

Lex, Page 26. Steel steps dimmed, London Stock Exchange, Page 41

Defence: Tokyo expects new assault on its lack of a military role - 5

Trader European businessmen show little interest in Gatt talks - 6

Yugoslavia Trade and Industry Survey - 13

Management: Secondment - getting a feel for the complete process - 20

World chemical industry: Why the good times may not last long - 24

Editorial comments: The training challenge; a fudged curriculum - 24

Lex: Steel; Mitsubishi; William Collins; share stakes; unbundled stock units - 26

MARKETS

Table with 2 columns: Market Name and Value. Includes Norway Oslo SE, US luncime, Federal Funds, etc.

Table with 2 columns: Market Name and Value. Includes Sterling, New York luncime, Dow Jones Ind. Av., etc.

Table with 2 columns: Market Name and Value. Includes S&P Comp, FT-SE 100, World, etc.

Table with 2 columns: Market Name and Value. Includes US luncime, Federal Funds, etc.

Table with 2 columns: Market Name and Value. Includes Sterling, New York luncime, Dow Jones Ind. Av., etc.

Table with 2 columns: Market Name and Value. Includes S&P Comp, FT-SE 100, World, etc.

CONTENTS

Budapest faces deep divide over multi-party system

Hungarian party leader Karoly Grosz warned opposition groups which "oppose socialism" that they would not be allowed to establish political parties in the future. Page 3

Defence: Tokyo expects new assault on its lack of a military role

Trader European businessmen show little interest in Gatt talks

Yugoslavia Trade and Industry Survey

Management: Secondment - getting a feel for the complete process

World chemical industry: Why the good times may not last long

Editorial comments: The training challenge; a fudged curriculum

Lex: Steel; Mitsubishi; William Collins; share stakes; unbundled stock units

Table with 2 columns: Market Name and Value. Includes Europe, Americas, World, etc.

Financial Futures

Gold Observer

Raw Materials

Steel Markets

Wall Street

London

Technology

Unit Trusts

Weather

World Index

Advertisement for Gwent featuring a logo, text 'Gwent has the perfect prescription for Warner-Lambert', and a map showing Gwent and London.

EUROPEAN NEWS

Protests subside in Azerbaijan region

By John Lloyd in Moscow

OBSERVERS and officials in both Armenia and Azerbaijan reported last night that overt incidents of violence or protest had fallen to their lowest level in the past two weeks of trouble.

The atmosphere in both republics, however, remained tense and the numbers of refugees was still increasing.

Lieutenant-General Samsanov, military commander in Armenia, said the curfew, which had been in force from 10pm to 6am, had been reduced, but he did not say to what hours.

Since November 24, when it was imposed, the security forces have detained 2,412 people and arrested 32 of those. In Baku, the capital of Azerbaijan, on Sunday troops cleared crowds from the central square which has been used as a meeting ground for the past two weeks.

Mr Elsin Bagirov, a Foreign Ministry official, told Reuters news agency that "despite rumours to the contrary, I can state categorically that no-one was killed. But I am not sure about the number of injured."

The refugee problem in republics already short of homes now takes on the aspect of a major disaster.

Estimates of the numbers crossing the border in both

directions run at 100,000 Azeris fleeing from Armenia, largely to Baku, and about 70,000 Armenians fleeing from Azerbaijan, largely to Yerevan, the Armenian capital.

In Armenia, a special fund established to assist the refugees now totals 1m roubles (\$1.7m).

The Karabakh committee, the Armenian group which has kept alive the issue of Nagorno-Karabakh, the Armenian enclave in Azerbaijan, is now increasingly assuming the role of a popular front of the kind seen in the Baltic states.

It called for an end to strikes in Armenia over the weekend but at the same time rejected the measures taken in Moscow to address the issue.

The Soviet Government has appointed a further commission to investigate the problem and report - without making clear whether it supersedes or works with an already-appointed group, the Vost commission, which (as far as is known) has not yet reported.

Mr Mikhail Gorbachev, the Soviet leader, has said that Nagorno-Karabakh will remain under the authority of Azerbaijan, although its Armenian majority presently does not acknowledge Azeri sovereignty.

Gorbachev sees chance to dispel the gloom

By Quentin Peel in Moscow

MR Mikhail Gorbachev, the Soviet leader, sets off today on a hectic international trip designed to maintain the momentum of Soviet foreign policy at a time of gathering gloom on the domestic front.

His eight-day tour to New York, Havana and London, organised at short notice in spite of a daunting reform programme in Moscow, seems guaranteed to keep the Western world guessing at the possibility of new initiatives. It will also provide a welcome opportunity for Mr Gorbachev to stress his foreign policy successes for his audience back home, battered by images of racial strife in Armenia and Azerbaijan, rising nationalism in the Baltic republics and little sign of economic recovery stimulated by his policies of perestroika.

He will make a major speech to the UN General Assembly tomorrow, underlining the Soviet Union's relatively new-found commitment to the use of the international organisation in promoting peaceful settlements to interna-

tional conflicts. Apart from reiterating his proposal for the elimination of all nuclear weapons by the end of the century, he may well focus on the need for co-ordinated international action on the environment.

Afghanistan seems certain to figure high on the agenda of talks with the UN Secretary-General Mr Javier Perez de Cuellar, as well as with President Reagan and President-elect Bush, whom he is scheduled to meet for lunch tomorrow on Governor's Island in New York harbour. The Soviet Union is anxiously searching for ways to secure a dignified withdrawal from Afghanistan by the February 15 deadline set by this year's Geneva peace agreement. It wants Mr Perez de Cuellar to organise another international conference.

Soviet officials held their first high-level talks with Afghan rebel leaders in Saudi Arabia at the weekend and the rebel chiefs reportedly promised to reconsider their previous rejection of the proposal for a conference.

US officials expect Mr Gorbachev to stress the positive rather than the negative in his UN speech, although he may well be tempted to emphasise US isolation over its refusal of a visa for Mr Yasser Arafat, the Palestine Liberation Organisation leader, to address the UN assembly. The Soviet Union appears to be expecting rather more substance from Mr Gorbachev's final meeting with President Reagan than is suggested by senior US officials. Soviet officials say that all four subjects of summit agendas - disarmament, human rights, regional conflicts and bilateral relations - will be covered, mentioning specifically moves on Afghanistan, Central America and the Middle East.

The US describes the event as "clearly not a summit" but "an opportunity to touch base," in the words of one senior official. Mr Gorbachev flies from the bastion of capitalism where he will also have talks with US businessmen on possible further joint ventures - to reassure his major ally in the region,

Cuba, of his continuing strong support. In spite of President Fidel Castro's obvious doubts about perestroika, Mr Gorbachev is going as Cuba's major ally and financial backer, not as a critic.

He has reason to be grateful for Cuba's acceptance of the Angola peace initiative, but he is also likely to stress that the Soviet Union cannot afford to provide indefinite economic support. Cuba will also be the venue to address the major concerns of Latin America, including indebtedness and the war in Nicaragua. The final balance to the trip - covering both the capitalist world and the Socialist, Europe and America - will come from the Soviet leader's visit to London for talks with Mrs Margaret Thatcher. She is one of his favourite interlocutors, despite their differences over nuclear deterrence. The Kremlin also understands her relatively nationalistic attitude towards the European Community, whose plans for a single market by 1992 are regarded with some trepidation in Moscow.

Paris faces further transport disruption

By George Graham in Paris

POURING RAIN yesterday heralded another difficult week for Paris commuters, as striking public transport workers continued to shut down the suburban express rail network and seriously disrupted bus and metro services.

Public transport services continued to be interrupted in Marseille and Toulouse but the Lyon transport strike is now over and postal workers in Clermont-Ferrand agreed yesterday to go back to work.

The week may be trying, too, for the Socialist Government of Mr Michel Rocard. The right-wing RPR party plans to lay down a censure motion in Parliament this afternoon.

A glimmer of hope for an end to the Paris transport conflict emerged, however, as trade union delegates again met a Government-appointed mediator after three days in which negotiations appeared to have reached a complete standstill. Mr Bernard Brunhes, the mediator, made new pay proposals in talks yesterday with four of the more moderate unions. The Communist CGT union was due to meet Mr Brunhes later in the evening.

The gap between the moderate unions, who claim a FF300 (\$58) a month increase, and the hardline CGT, which is demanding FF1,000 a month, has widened in recent days. Mr Jean Kaspar, new secretary-general of the CPDT union, has attacked the "irresponsible" attitude of the CGT and accused it of playing the Communist party's tune.

An opinion poll published last Sunday by Le Journal du Dimanche showed that 29 per cent of those questioned blamed the CGT for the strikes, while 17 per cent blamed the unions in general. The same poll showed that only 16 per cent blamed the Government for the strikes. This will complicate the RPR's censure motion, which already stood little chance of being passed.

Soviet backing for US presence in Europe

By David Goodhart in Bonn

SOVIET officials at a private conference in Bonn have made one of the strongest statements to date about Moscow's support for the US presence within the "European House".

A report in Die Welt newspaper from one of the participants at a Bergedorf Circle meeting, designed for top level private exchanges between

West Germany and the Soviet Union, states that the latter leans a US withdrawal from Europe, believing it would destabilise the area and revive old rivalries.

The report states that the Soviet delegation considered the continuing US role not only possible but necessary. The delegation included a central committee member, Mr Vadim Zagladin, and the Soviet ambassador to West Germany, Mr Yuli Kvitsinsky.

Mr Sutherland's remarks came a day after EC governments gave their consent, so far that they would adopt liberal trade policies in the run-up to the 1992 creation of a free single market and that Europe would not "turn in on itself."

While the debate about EC trade policy appears to be resolving itself, the Community has only begun to address how it will apply competition rules to foreign companies, including its controversial draft merger control regulation, now under consideration by a divided Council of Ministers.

Mr Sutherland insisted that there could be no exceptions to EC rules against anti-competitive industrial agreements, even when flexible non-Community competition was involved. Any attempt to create a fortress Europe "would be contradicting our own logic," said Mr Sutherland.

"We are not in the business of boosting our own development through the internal market strategy only to puncture it through a policy of economic isolationism."

He called on EC trade and industry ministers to adopt his merger control proposal - which has been deadlocked in one form or another for 16 years - at their final meeting this year on December 21, and thus complete a healthy framework for acquisitive companies to conduct cross-frontier takeovers in the barrier-free market.

"We hope . . . finally to lay to rest a debate which has taken far too long," said Mr Sutherland.

Sutherland warning on protectionism

By William Dawkins in Brussels

EUROPEAN COMMUNITY competition rules must not be used as a protectionist weapon against non-EC companies, Mr Peter Sutherland, the competition Commissioner, warned yesterday.

"Closing off Europe from competition which comes from abroad also acts as a deterrent to efficiency," he told a seminar arranged by the American Chamber of Commerce.

Mr Sutherland's remarks came a day after EC governments gave their consent, so far that they would adopt liberal trade policies in the run-up to the 1992 creation of a free single market and that Europe would not "turn in on itself."

While the debate about EC trade policy appears to be resolving itself, the Community has only begun to address how it will apply competition rules to foreign companies, including its controversial draft merger control regulation, now under consideration by a divided Council of Ministers.

Mr Sutherland insisted that there could be no exceptions to EC rules against anti-competitive industrial agreements, even when flexible non-Community competition was involved. Any attempt to create a fortress Europe "would be contradicting our own logic," said Mr Sutherland.

"We are not in the business of boosting our own development through the internal market strategy only to puncture it through a policy of economic isolationism."

He called on EC trade and industry ministers to adopt his merger control proposal - which has been deadlocked in one form or another for 16 years - at their final meeting this year on December 21, and thus complete a healthy framework for acquisitive companies to conduct cross-frontier takeovers in the barrier-free market.

"We hope . . . finally to lay to rest a debate which has taken far too long," said Mr Sutherland.

Passport for Walesa

Polish authorities gave Mr Lech Walesa, leader of the banned Solidarity union, a passport yesterday for the first time in seven years, Reuters reports from Warsaw.

It was the first time the authorities had granted Mr Walesa permission to travel abroad since martial law was imposed.

Mr Walesa plans to fly to Paris on Friday.

Kosovo decision

THE Communist Party in Yugoslavia's troubled Kosovo province decided yesterday against reinstatement of two ousted ethnic Albanian leaders who were blamed by Belgrade for being soft on separatists, Reuters reports from Belgrade.

The removal of the two last month triggered a wave of protests by ethnic Albanians in the provincial capital Pristina.

Belgrade expels three Australian diplomats

YUGOSLAVIA yesterday expelled three Australian diplomats in retaliation for the closure of the Yugoslav consulate in Sydney and expulsion of its staff, Belgrade radio said, Reuters reports from Belgrade.

It said Assistant Foreign Minister Drago Mirovic handed a note to Mr Peter Shannon, the Australian chargé d'affaires in Belgrade, declaring three officials of the Australian embassy in Belgrade persona non grata.

They were ordered to leave Yugoslavia within seven days, the radio said.

The move was announced less than four hours after the staff of the closed Yugoslav consulate in Sydney arrived back in Belgrade.

The note said Yugoslavia made the move to protect its "interests and dignity."

Australia closed the mission after Yugoslavia refused to hand over a consulate guard who had shot and wounded a 16-year-old Croatian emigre during a demonstration.

Yugoslavia said the guard was shooting in the air when demonstrators tried to invade the consulate grounds.

The note said the Australian Government's decision to close the Sydney consulate was "totally groundless."

Mr Budimir Loncar, the Yugoslav Foreign Minister gave warning last week that Yugoslavia would retaliate with "appropriate measures."

Relations between Yugoslavia and Australia, generally friendly, have been aggravated occasionally by the activities of Yugoslav emigrants in Australia.

Western diplomats in Belgrade said Yugoslav officials had carefully pondered his move to take into account the interests of about 300,000 Yugoslavs in Australia, most of whom were friendly to their country of origin.

They said the decision was obviously reached after consultations with Mr Stanjko Glisic, the expelled consul.

Danish former bank chief imprisoned

The former chief executive of Kronenbank, a Danish commercial bank which collapsed in 1984, has been sentenced to three years in jail, writes Hilary Barnes in Copenhagen. Mr W. B. Hansen was found guilty of "breach of trust" charges covering DKK600m (\$50m), the value of loans given without security and in contravention of bank lending regulations.

Kronenbank was absorbed by another bank after its operations were suspended and in the end neither depositors nor shareholders lost money.

Financial Times (Europe) Ltd, Frankfurt/Main, represented by E.Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London, Printer: Frankfurt/Zeitschen-Druckerei-GmbH, Frankfurt/Main. Responsible editor: J.L.D. Owen, Financial Times, Bankers House, Cannon Street, London EC4A 3DF. The Financial Times Ltd, 1988.

Financial Times, USPS No 196540, published daily except Sundays and holidays. US subscription rate \$365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd, Copenhagen 44, Copenhagen, DENMARK.

GRAFFITI.
ARE WE MAKING IT TOO EASY FOR THE VANDALS?

Some walls stay covered in graffiti not because United rules, but because apathy rules.

The same goes for other forms of vandalism, and for littering. Like graffiti, they are among the most prevalent and offensive symptoms of crime.

Of course, when vandals or graffitiists are caught in the act they can be dealt with by the law. And there are other ways they can be actively discouraged.

By removing graffiti quickly.

The fact is that graffiti attracts more of the same. Removing it quickly denies the perpetrators the satisfaction of seeing it on display, and reduces the incentive for imitation.

By continuing to clean it off.

Vandals and graffitiists can be persistent. But equally persistent removal of their handiwork can wear them down.

By involving youngsters in creative pursuits.

One town suffering from the graffiti problem set up a competition amongst local youngsters to design a mural for a wall that had been covered in graffiti. A local company provided painting materials. The graffiti virtually vanished.

By working together.

Some local authorities have set up anti-graffiti teams who liaise with schools in a bid to cut down on aerosol-spraying incidents.

By taking positive measures like these, more youngsters can be encouraged to respect, and not rubbish, their communities.

To find out more, send for the Crime Prevention Handbook. If Kilroy was here, we're sure he'd agree with us.

For your free copy of 'Practical Ways to Crack Crime' telephone 01-298 1800 or send this coupon to: Home Office Crime Prevention, PO Box 2008, London NW9 6BN.

Name: _____
Address: _____
Postcode: _____

CRIME
TOGETHER WE CAN CRACK IT

OVERSEAS NEWS

Shamir allowed extra time to form coalition

By Andrew Whitley in Jerusalem

PRESIDENT Chaim Herzog in Israel yesterday gave Mr Yitzhak Shamir, the Likud leader and caretaker Prime Minister, a further three weeks in which to form a new coalition government.

The Irish-born president, whose political functions are strictly limited, took the opportunity to repeat an earlier appeal to both major parties - Likud and Labour - to reconcile their differences and to form a broad-based, national unity government.

Acknowledging the unusual nature of this intervention in the coalition-forming process, Mr Herzog said his conscience obliged him to press for a government which could bring stability to the country. He also pleaded with Israel's parties to reform the electoral system.

But, after the fiasco of his last attempt to build bridges to Labour, Mr Shamir appears determined to press ahead with negotiations for a narrow coalition made up of the Likud, three small, extreme right

wing parties and four religious factions. On paper this alliance would give him 65 seats in the 120-seat Knesset.

Although he had not abandoned the idea of bringing Labour into the government, the prime minister-designate said this could take some time, "maybe a month, maybe a year". For the moment, he was confident of being able within the next few days to reconstruct his original political combination.

Sizeable sections of both Labour and Likud were visibly unhappy yesterday about the latest twist of events. Within Labour's warring political camps, headed respectively by Mr Shimon Peres and Mr Yitzhak Rabin, mutual recriminations are flying over last week's abortive attempt to forge a "blocking majority" with an ultra-Orthodox party, Agudat Yisrael. While both declared themselves reconciled to going into opposition, they left the door open to another approach from Mr Shamir.

Ishaq Khan seeks presidency

MR GHULAM ISHAQ KHAN, Pakistan's acting head of state, yesterday became the first candidate for a December 12 election to a five-year term as president, Reuters writes from Islamabad.

The successor to late President Mohammad Zia ul-Haq will be chosen by an electoral college of national and provincial legislators.

Mr Ishaq Khan, 73, took over as acting president in August on Gen Zia's death in an air crash. He was considered likely to be elected easily by the college unless the Pakistan People's Party of Ms Benazir Bhutto, the new Prime Minister, puts up its own candidate.

Ms Bhutto, 35, went out of her way in her first address as prime minister last Friday to praise Mr Ishaq Khan's role in helping return Pakistan to elected government after Gen Zia's 11-year military rule.

Unpaid Nigerian railmen strike

A STRIKE by Nigerian railway workers over unpaid wages entered its second week on Monday, leaving train services paralysed nationwide, Reuters writes from Lagos.

At the weekend the rail workers, who have not been paid since August, won the support of the association representing senior staff in government-run concerns.

The association told the National Concord newspaper it had given the Government a 21-day ultimatum threatening a nationwide work stoppage if it did "not act to reverse the decline of the Nigerian Railway Corporation".

Last week the Government made a grant of Naira 24m (£2.47m) to the corporation, which had asked for Naira 77m to cover the unpaid salaries. The corporation offered to use the grant to pay September and October salaries.

Arafat to meet group of US Jews

MR Yassir Arafat, the chairman of the Palestine Liberation Organisation who is seeking to project a more moderate image, will meet a group of influential American Jews in Stockholm today, the Swedish Foreign Ministry said, Reuters reports.

Mr Ingvar Carlsson, the Prime Minister, said later in Paris that he was leaving a meeting there of the Socialist International early to welcome Mr Arafat.

"If a dialogue can be started between the two parties it would be a major breakthrough," he said.

The Foreign Ministry said the meeting would take place at the initiative of Mr Sten Andersson, Foreign Minister, who had invited Mr Arafat and the US delegation.

The names of the US representatives were not revealed but the ministry said they were well-known personalities.

"The meeting is part of Sweden's efforts to seek to contribute to the peace process in the Middle East. It has been planned for quite some time," said the ministry.

Mr Arafat was also scheduled to lay a wreath at the grave of Sweden's late Prime Minister Mr Olof Palme, assassinated in 1986.

"But it is not Sweden's government and the PLO who are meeting. This is purely a meeting between Jewish representatives and the PLO," the ministry added.

IMF tried by pace of Cairo reform

Tony Walker on a report about Egypt's debt-burdened economy

EGYPT WILL require greatly increased foreign aid and concessional financing if it is to meet obligations on its \$43bn external debt through the 1990s, the International Monetary Fund has forecast in its latest report on the Egyptian economy.

The Fund warns that "even if Egypt sustains a strong adjustment programme well into the medium term, debt service obligations are of such magnitude that the external position cannot become viable without greatly increased concessional aid or sharply stepped up foreign aid levels on concessional terms".

The IMF report, which reviews the Fund's recent troubled relationship with Egypt, reveals a barely concealed exasperation at stultifying progress towards economic reform. Its tone suggests that a huge gap still exists between the IMF's proposed reforms and Egypt's willingness to comply.

The IMF and Egypt have been locked in desultory negotiations for the past year since the collapse in June, 1987 of a reform programme, agreed just one month before the May 1987 SDR 250m (£185m) IMF standby agreement facilitated a Paris Club rescheduling of about \$9bn of arrears and payments due on Egypt's official debt between January, 1987 and June, 1988. The Fund reported that Egypt drew down SDR 115m, before the "arrange-

ment became inoperative" because of the "accumulation of new external debt arrears, the contracting of short and medium-term external debt and the intensification of exchange restrictions".

The IMF forecasts that even with a rigorously applied reform programme, including substantial reductions in the budget deficit, sharp increases in energy prices and a further liberalisation of the pricing system, Egypt will be hard-pressed to limit its balance of payments deficit to an average of \$3.2bn between 1989/90 and 1991/92.

Egypt, with reserves at \$1.5bn (sufficient to cover nine weeks of imports) at the end of financial year last June, has suspended virtually all debt repayments except for meeting its interest obligations to the 17 countries who were party to last year's Paris Club rescheduling. Officials are telling creditors that Egypt has stopped servicing debts pending a fresh IMF agreement which would open the way for a second Paris Club rescheduling of official debt.

The Fund predicts that in the next four years debt rescheduling should enable Egypt to reduce its annual external financing gap from the present \$3.5bn to \$2bn, but that the expiry of grace periods on deferred debt payments by the early 1990s will bring strong renewed pressures.

In the meantime, the IMF is urging Egypt not to delay fur-

ther the implementation of reforms. "Delaying adjustments might very well be more costly subsequently in economic and social terms as it could necessitate even stronger and less socially acceptable actions," the report states. Among measures that the IMF is pressing Egypt to adopt are:

- Decisive action to reduce the budget deficit through "quick-yielding" revenue measures such as energy price rises and a comprehensive overhaul of the tax system, including the introduction of a general sales tax.

- The sharp curtailment of subsidies to public sector enterprises by "allowing full pricing autonomy to virtually all public companies".

- The introduction of "internationally competitive, positive real interest rates", accompanied by credit restrictions.
- The full unification of various rates of exchange and trade liberalisation "in order to achieve the needed substantial growth in Egypt's non-oil exports and import-competing sectors".

The IMF commended some of the measures adopted by Egypt recently such as reforms of the agricultural pricing system which had encouraged increased production, but it warned that favorable developments were being more than offset by "slippages in policy implementation". Egypt also had to contend with "adverse external developments".

Manila to receive Japanese farm aid

THE Philippines will receive up to Y3.15bn (£14m) in grant aid from Japan for agricultural development projects for fiscal 1988, the Japanese Foreign Ministry said yesterday, AP-DJ reports from Tokyo.

The assistance is part of expanding support for the government of President Corason Aquino. Grant aid in other categories was made earlier this year.

The Foreign Ministry said last week that in conventional loan support Japan had decided to increase its loans to the Philippines by slightly over 10 per cent to Y8.5bn in fiscal 1988.

The latest lending compares with a total of Y80.2bn in 1987. The money will be channelled through Japan's Overseas Economic Co-operation Fund.

Bangladesh cyclone toll put at 2,000

BANGLADESH struggled yesterday to bury at least 2,000 people killed in the cyclone which struck on November 29 and launched relief efforts for survivors, Reuters reports from Dhaka.

About 45,000 volunteers and servicemen handed out food to the survivors of the cyclone on November 29. Officials said some teams sent to bury the dead abandoned the work because of the stench from human and animal corpses.

Latest official figures put the number of confirmed dead at 2,000. At least 15,000 people were still missing.

Pretoria ponders Angola options

By Anthony Robinson in Johannesburg

SOUTH AFRICA'S State Security Council gathered in Cape Town yesterday to assess prospects for a further round of Angolan peace talks. The meeting followed the South African delegation's weekend walk-out from the Angolan peace talks in Brazzaville and Cuban threats to continue the war for another 10 years.

On the agenda at the meeting of senior cabinet ministers and security chiefs chaired by President P.W. Botha was a review of the talks thus far, proposed measures to verify and monitor Cuban troop withdrawals and the broader politi-

cal implications of an eventual Angolan peace deal linked to Namibian independence.

The South African decision to leave Brazzaville without signing a formal protocol ratifying the troop withdrawal agreement reached in Geneva last month is reported to have angered the US mediating team led by Mr Chester Crocker which has spent the last six months helping Angola, Cuba and South Africa narrow differences on the timing and manner of the withdrawal of 50,000 Cuban troops from Angola.

The Americans believe that withdrawal can be effectively monitored by satellite and other means. But Pretoria fears a Cuban troop pullout which stopped or even reversed itself once Namibia achieved independence half way through the withdrawal period. Hence its insistence on a water-tight monitoring format and the creation of a satisfactory body to investigate any alleged violations.

Zairean move puzzles Belgium

By David Buchan in Brussels

THE BELGIAN Government was yesterday awaiting official confirmation of Zaire's surprise order to all its citizens to pull their money out of Belgium and abandon their studies there by the end of this month.

Some 15,000 Zaireans currently live in Belgium, many of them long-term residents owning property and businesses. For them all to realise their assets within the next three weeks appears next to impossible, while many of the 3,000-4,000 who are students were yesterday expressing, in local radio interviews, their unwillingness to drop their studies at

President Mobutu's behest. The latest row, described yesterday by one Belgian expert on Zaire as "political cinema," started with last month's visit by Mr Wilfried Martens, the Prime Minister of Belgium, to his country's former colony.

He offered to write off one fifth of Zaire's BFR5bn (£75m) debt to Belgium, and said he would consider debt relief on BFR17bn worth of Zairean commercial underwritten by the Belgian Ducretie national insurance office, in the context of wider Western efforts to reschedule sub-Saharan Africa's debt.

Estimate raised of NZ gas reserves

NEW ZEALAND'S big onshore natural gas field, Kapuni, contains much greater reserves of gas than previously estimated according to reports, Dal Hayward reports from Wellington.

The company which operates the field, Shell, BP and Todd Oil Services, is to start a NZ\$16m (£5.7m) three-dimensional survey to gain a clearer picture of the field's layout. Kapuni has operated for 19 years and had 14 wells drilled.

NEW EDITION

INVESTOR'S GUIDE TO THE STOCK MARKET
by Gordon Cummings

Learn how to turn a gamble into a calculated risk.

Written for everyone who knows that they ought to look after their savings more seriously, the new and extensively revised fifth edition of Investor's Guide to the Stock Market cuts through all the jargon. It gives a down-to-earth explanation of how the market works and how to use it for your own benefit.

Whether you are new to the D.I.Y. investment scene or are already managing your own portfolio, Investor's Guide to the Stock Market makes essential reading. It will provide you with all the background information you must have to make the best possible use of your capital.

Contents include details of the new capital gains tax rules with working examples PLUS:

- Stocks and Shares
- Dealing
- Buying and Selling
- Options
- Important paper work
- Gilt
- Debt and Loan-Stock Priorities
- Getting the preference
- Sharing the Equity
- Portfolio creation and management
- Takeovers and mergers
- Specialised markets
- Natural resources
- Investment and Unit Trusts
- Trusts
- Foreign Investment
- Avoiding misfortune
- Investor's Glossary.

To help yourself and those who depend on you, simply complete and return the attached Order Form.

ORDER FORM
Please return to: (Mail order address only)
The Marketing Dept., FT Business Information
7th Floor, 30-34 Broadway, London SW1H 0DB.
Tel: 01-799 2002. Telex: 927282.
Please note payment must accompany order. Prices include postage and packing.
Please send me:

Office use	Title	Qty	UK price	Overseas price
4637	Investor's Guide to the Stock Market		£9.50	£12.00
0213	ISBN 1 85334 016 2			US\$17.00

I enclose my cheque value £/US\$ made payable to FT Business Information.
I wish to pay by credit card (mark choice): Visa Access Amex Diners

Card No.

Card Expiry Date:

I wish to order 5 or more copies. Please send me details of bulk order discounts or telephone: (BLOCK CAPITALS PLEASE)

Mr/Ms/Miss _____
Title _____
Organisation _____
Address _____
Postcode _____ Country _____
Signature _____ Date _____

Please allow 28 days for delivery. Refunds are given on books returned in perfect condition and within 7 days of receipt.
Registered Office: Bracken House, 10 Cannon Street, London EC4P 4BY. Registered in England No. 980996.

COMPANY NOTICES

New Zealand

US\$ 250,000,000
Floating Rate Notes Due 1996

In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from December 6, 1988 to June 6, 1989 the Notes will carry an interest rate of 9 1/4 % p.a.

The interest payable on the relevant interest payment date, June 6, 1989 against coupon n° 6 will be US\$ 467.64 per US\$ 10,000 nominal and US\$ 4,676.39 per US\$ 100,000 nominal.

The Reference Agent
KREDIETBANK
S.A. LUXEMBOURG

NOTICE OF MEETING
TIME ASSURANCE SOCIETY
Registered Office:
80 Union Street,
Oldham, Greater
Manchester.

NOTICE IS HEREBY GIVEN that a Special General Meeting of the above Society will be held at the Registered Office on Thursday 22nd December 1988 at 9.15 a.m.

AGENDA

- To receive any apologetic accounts.
- To read Notice of Meeting.
- To approve the Minutes of the previous Special General Meeting.
- To adopt Tables 1987, 2, 3, 4, 5 and 6 and Table 1987.
- To approve amendments to Table 1987 and an addition to Table 1987.

D.F. Ross,
Secretary.

AUCTIONS

MAJOR SKI RESORT
& TWO PRIME HOTEL SITES
25 Minutes West of
Denver, Colorado
Closest Skiing to the
Denver Metroplex Area
**11 A.M. TUESDAY
DECEMBER 13**
240 Acres • Zoning in Place
GUARANTEED FINANCING
CALL FOR COLOR BROCHURE

Auction Company of America
Auctioneers & Brokers
1000 N. 17th Street
Denver, Colorado 80202
(303) 577-3322

CLUBS

EVE
has outlived the others because of a policy on fair play and value for money. Supper from 10-11.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows.
189, Regent St., 01-734 0557.

INDIA

The Financial Times proposes to publish this survey on:
20th December 1988

For a full editorial synopsis and advertisement details, please contact:
Hugh Setton
on 01-248 8800 ext 3238
or write to him at:
Bracken House
10 Cannon Street
London
EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

British Coal congratulate Senior Engineering on their acquisition of Foster Wheeler and look forward to continuing co-operation in the development of new coal-burning technology.

THE NEW FACE OF BRITISH COAL

Malaysia proposes to introduce value added tax by 1990

By Robin Pauley, Asia Editor, in Kuala Lumpur

VALUE ADDED tax will be introduced in Malaysia no later than 1990, according to Mr Daim Zaiduddin, the Minister of Finance.

Mr Daim said in his budget speech in October that introduction of Vat should be considered because of the need to broaden the tax base, but he has always refused to be drawn on how or when such a tax could or would be introduced.

"Personally, I wanted to introduce Vat in 1985 so it is already running very late for me," said Mr Daim, who was brought in from the private sector to be Finance Minister by Dr Mahatir Mohamed, the Prime Minister, in 1984.

"I hope to be able to introduce Vat by 1990 at the latest and I see no excuse if they (the civil servants) say they are not ready by then. I'm already behind time," he said. As Malaysia's budget day is in October, Mr Daim's comments mean that he intends to make Vat the centrepiece of the next budget in 1989.

"Even if I am no longer finance minister I am sure that whoever is will have no alternative but to introduce Vat. We have our direct taxes, our sales tax is unsatisfactory and we must increase our revenues," said Mr Daim. A ministry task force has been examining various forms of Vat, which is the main indirect tax in 89 countries.

In particular they have looked at the systems in South Korea, Indonesia and New Zealand. Of these, New Zealand has the "purest" form of Vat because it has resisted pressure for exemptions.

But Mr Daim said that although this would maximise revenue, "there would be exemptions in Malaysia. There are political considerations. You have to win elections," he said.

Japan takes a long look at its burden of defence

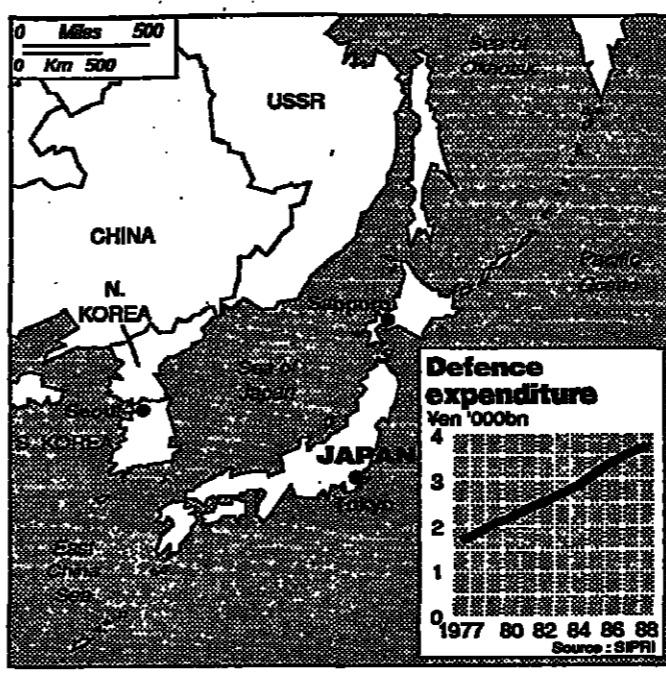
Ian Rodger reports on pressures for Tokyo to expand its role and its budget in the military arena

BY a curious coincidence of historical events - the serious illness of Japan's Emperor Hirohito and the US presidential election - the long sensitive issue of Japan's defence posture may again be catapulted into the forefront of the debate on US-Japan relations.

The US Congress appears to be girding itself for one of its periodic assaults on Japan for not contributing enough to the costs of the defence of the West. The next Administration may listen to Congress on burden-sharing rather than President Reagan's bid.

In Japan, radical right wing elements are suggesting that the country should take advantage of the Emperor's passing to shrug off the burden of guilt from the Second World War and revise the postwar US-imposed constitution so that it can become an independent military power again.

Although the influence of the extreme right wing on public opinion in Japan is minuscule, even moderate Japanese concede there are contradictions in Japan's postwar role. It is no longer easy to be both an economic giant and a political enigma. It is unusual, to say the least, to have the world's third largest defence budget, but to be constitutionally constrained from asserting any power outside national borders. Officially, neither the US nor the Japanese Governments welcome a debate on Japan's defence posture at this moment. They worry that any hint of a weakening of their security alliance, which both now consider very satisfactory, could upset the complex and delicate strategic balance in the Far East. This would be particularly unwelcome at a time when the Soviet Union is evolving new policies in the



region and when tensions in two longstanding trouble spots - Indochina and the Korean peninsula - are at last showing signs of being reduced. At the same time, many of Japan's Asian neighbours still view with uneasiness any resurgence of Japanese military capability.

However, the US Congress, armed with the August report from the Defense Burden-sharing Panel, may be more responsive to other considerations. That report, picking up an old refrain, was sharply critical of Japan for spending only 1 per cent of its gross national product on defence compared with 6.5 per cent by the US. "Why do the Japanese - whose drive and ingenuity led them from total devastation to economic superpower status in a mere 40 years - appear unwilling to assume free world burdens at a level more commensurate with their ability to pay than they currently assume?"

Last year, for example, the country was widely criticised for not helping maintain the safety of shipping in the Gulf despite the fact that it relies heavily on that area for its oil supplies.

Japanese analysts worry about similar situations developing in the future. "If a Japanese ship was attacked near Aden, we could ask the British fleet to come to our assistance and it would come. If a British ship was attacked off North Korea, we could not help," a government official pointed out recently. Similarly, what could Japan do in the event of the Straits of Malacca, a vital shipping lane for the country's oil, being blocked?

For the right wing extremists, the answers to these questions are simple. Mr Hideaki Kase, a well-known nationalist, recently called for the removal

of the non-aggression clause from Japan's constitution and the establishment of a self-sufficient military force armed with nuclear weapons if necessary. (Japan's non-nuclear principles prevent its forces from being so equipped.)

But for the US, the existence of a stable and reliable ally in the Far East is an enormous benefit in itself, making it possible for the US-Japan security agreements to underpin the collective security of the whole region. Moreover, if Japan pays a much larger share of the cost, it should have a larger share of the decision-making, a change which, as US officials concede, could upset the regional strategic balance.

In any event, US officials are satisfied that Japan is now making a big effort to contribute to collective security within current limits. By the

early 1980s, the Self Defence Force had accepted the role of protecting the Japanese territory in the event of a "limited and small scale" invasion from the Soviet Union, a role that has some collective implications insofar as it relieved the substantial US forces in Japan of the job of providing a portion of their own security.

Japan then agreed to take on two additional missions, to block the three straits passing through or by the Japanese archipelago to the Asian mainland to the Pacific and to protect the sea lanes for a distance of 1,000 nautical miles south from Japan.

The Government is in the middle of a five-year spending plan aimed at financing the equipment and facilities needed to carry out those three missions by 1991. And it is building up a formidable force

by any standard. For example, its 60 vessel fleet of destroyers is bigger than that of the UK. "We are a tiny country already aimed to the teeth," a foreign ministry official says. Its overall military budget of ¥3,700bn (\$28bn) this year is the third largest in the world after the US and the Soviet Union, although the figure is bloated by the relatively high salaries of its volunteer forces.

Inevitably, there is disagreement over exactly what equipment is needed and how much should be spent. For example, some advocate aircraft carriers to carry out the sea lane defence role. The Government and others fear adverse reaction at home and in neighbouring countries to the idea of aircraft carriers, which are by definition offensive weapons, preferring instead a combination of tanker and patrol aircraft operating from Japan's southernmost islands.

Whatever is done, it is considered politically and practically unlikely that defence budget could much exceed the current 1 per cent level. "I doubt that it could get to 1.5 per cent of GNP," says Mr Koichi Kato, a member of parliament and former Self Defence Agency director general. In any case, it is not the only formula determining defence commitment and effectiveness.

Without a radical policy departure it is not easy to see where and how Japan could increase its military capability. The country might extend its sea lane surveillance, but that would almost certainly cause an outcry in China and South East Asia.

It might also underwrite more heavily the cost of US forces in Japan. However, the Government has already made big advances in this area and

Bigger Soweto planned

THE South African Government unveiled plans yesterday to enlarge Soweto, the country's largest black township, and immediately ran into criticism from extreme right-wingers, Reuters reports from Johannesburg.

It was announced in Pretoria that an area of 18,000 hectares had been set aside for an extension to Soweto, south-west of Johannesburg. The name is a contraction of South Western Township.

Part of the project, which has yet to obtain final approval, will be to build 45,000

Hungary opens Seoul mission

SOUTH Korea yesterday established its first diplomatic relationship with the Eastern bloc when Mr Sandor Etre arrived in Seoul to set up a Hungarian permanent mission, Magpie Ford writes from Seoul.

Mr Etre, a former ambassador to North Korea, and a senior East Asia official in the Hungarian Foreign Ministry, said that Budapest hopes to establish full ambassador-level relations soon.

The diplomat's arrival marks the first fruits of President Roh Tae Woo's *Nordpolitik*, announced earlier this year. Mr Roh is seeking to open relations with Eastern bloc countries with a view to easing tensions with communist North Korea and developing trade.

US military and Japan in scrap over the cleaning bill

By Stefan Wagstyl in Tokyo

THE American soldiers in Japan tries hard to win the respect of the people it is trying to defend. But this year the men in hob-nailed boots have been getting the better of the diplomats in the embassy.

In the latest skirmish between the US forces and their hosts, the US Navy has got embroiled in a row with the municipal council of Yokosuka, a seaside town near Tokyo, over the cost of collecting household rubbish.

The navy, which has a large base at Yokosuka, is refusing to pay a \$50,000 waste disposal bill.

The town council threatened to stop collecting the navy's rubbish from the base but backed down after pressure from the Japanese authorities. However, it insists the navy must pay up. The navy says it will not because the terms of payment

were agreed by a previous command - and were never ratified by the US-Japan Joint Committee on the Status-of-Forces Agreement, the body governing relations between US Armed Forces and Japan.

The navy was not mollified by the fact that the Japanese Government has recently paid for the installation of an incinerator at Yokosuka, which means that in future the waste collection bill will fall to zero.

The US has not had a good year in trying to be a good neighbour. The captain of the USS Towers, a destroyer, lost his job last month after his ship fired shells in Tokyo Bay near a Japanese patrol boat. The shells were non-explosive rounds although the patrol boat's crew could hardly have been expected to know

SETTING THE PACE WORLDWIDE IN THERMAL ENGINEERING

Rapidly changing economic and environmental factors are making new and challenging demands on those responsible for the efficient supply of power worldwide. There is, however, one organisation which is fully equipped to meet these market needs for the 1990s and beyond.

As part of the Senior Engineering thermal operations, Foster Wheeler Power Products provides a total capability including industrial combined heat and power, combined cycle power generation and mid-range fossil fired utility boiler plants. Its expertise extends from design, manufacture, installation of individual steam raising units through to complete turnkey projects supply.

The Company has pioneered environmental pollution control in the U.K. with their advanced fluidised bed and low NOx combustion technologies.

Backed by the resources of Senior Engineering, Foster Wheeler Power Products is ideally placed to play a key role in one of the most exciting and challenging periods ever to face the world's power industry.

FOSTER WHEELER POWER PRODUCTS LIMITED
THE NATURAL CHOICE IN THERMAL ENGINEERING

FOSTER WHEELER POWER PRODUCTS LTD
Industrial Boiler Division: Olympic Office Centre, 8 Fulton Road, Wembley, Middlesex HA9 0TH England
Tel: 01-900 2533 Tlx: 927795 SEFWPPG Fax: 01-903 0170

MONTREAL TRADE TALKS

World on verge of trade choices, says Mulroney

By Peter Montagnon in Montreal

TRADE Ministers meeting in Montreal this week cannot afford to fall in their objective of giving clear political direction to the Uruguay Round of multilateral trade negotiations, said Mr Brian Mulroney, Canada's Prime Minister.

"We are at a crossroads. We can succumb to the destructive forces of protectionism or we can seek to build a more dynamic and more secure global economy," he told the opening session of the meeting here.

Mr Mulroney said the world was on the threshold of a decade of historic challenges and choices in world trade.

"With Europe of 1992, the Canada-US Free Trade Agreement, the Australia-New Zealand agreement and closer ties in the Asia-Pacific region, world trading patterns would either become more open or more restrictive.

Negotiators must leave Mon-



Mulroney: 'We can succumb to the destructive forces of protectionism, or we can seek to build a more dynamic and secure global economy'

and timely conclusion so that the round could be completed on schedule in 1990, he said.

Mr Mulroney described the new US-Canada free trade agreement as a "significant and beneficial contribution" to the trading system, noting that it broke new ground in areas such as dispute settlement, investment, and services which could serve as a model for the General Agreement on Tariffs and Trade.

Canada's commitment to the Gatt was as strong today as 40 years ago when the organisation was founded.

He acknowledged that the free trade agreement could bring some economic dislocation and employment change, and said the Canadian government would work with the provinces, the private sector and labour, to ensure the existence of retraining and adjustment programmes for Canadian workers.

European business cool on Gatt

Interest in Montreal talks is questioned, reports Peter Montagnon

THE great and the good in the US business community have descended on Montreal this week to watch from the sidelines as trade ministers grapple with the task of shoring up the multilateral trading system.

The presence of names such as Mr John Reed, chairman of Citicorp, Mr James Robinson of American Express and Mr Paul Orville of Dow Chemical is not an entirely new departure for such meetings. But it confirms a high degree of interest in the outcome of the Uruguay Round of multilateral trade liberalisation talks which is slowly beginning to be replicated elsewhere.

In a more unusual departure, top Japanese businessmen such as Mr Akio Morita from Sony and his counterparts from companies such as C Itoh and Daiwa Securities are also in town.

Mr Arthur Dunkel, Gatt director-general, says it is all evidence of growing interest in the General Agreement on Tariffs and Trade (Gatt) by private-sector businessmen, which is also to be found in the corporate boardrooms of the developing world. But among many businessmen here a question mark still hangs over the commitment of European business to Gatt.

While US business, through its close advisory role to the

Reagan Administration, has done much to help formulate the US negotiating position, many consider that top European corporate executives, conspicuous by their absence in Montreal, are much more enthusiastic about the advent of the single market in 1992.

"It is frustrating that we have not been able to galvanise the European business community in the effort," said one US executive.

In the early stages of the Uruguay Round, the Business Roundtable, which groups top executives in the US, formed an alliance with its European counterpart to promote the Round, but this effort dissipated after Mr Pehr Gyllenhammar, the charismatic chairman of Volvo, was succeeded as chairman of the European Roundtable by Mr Willie Dekker, chairman of Philips, a company hardly noted for its devotion to the principles of free trade.

In a recent seminar organised by the Touche Rosse, accountancy firm, Mr S van Ruiten, a Philips managing board member, said there was a degree of disillusion in Europe with Gatt which he said was "too idealistic". Some bilateralism and reciprocity was needed to deal with the practicalities of modern day trade problems, he said.

European officials, however, deny that their business constituency is uninterested in what happens in Gatt.

Not only has the services sector, under the leadership of the UK group chaired by Sir Michael Peiliser, deputy chairman of Midland Bank, shown an active interest in the Round, Mr Willy de Clercq, EC Trade Commissioner, also recently took a group of senior executives to visit Gatt in Geneva.

The problem is that the EC, with its diverse membership of 12 countries, is not used to forming the business coalitions that have long been the tradition in the US, EC officials say.

But the result has been that European private sector interest in the Uruguay Round appears patchy at best. British Petroleum, which last week submitted a position paper on the Round to the UK Government, is an exception at the level of individual corporations.

Elsewhere, the private sector has concentrated its efforts on the more anonymous route of working through federations and associations such as the Confederation of British Industry and International Chamber of Commerce. The support these organisations receive is often at a relatively junior level.

According to Mr Kurt Steves,

a director of the German Industry Federation (BDI), which has produced several position papers on the Uruguay Round, "people at management level don't normally participate. They leave it to their representatives in federations and to civil servants."

"That in turn is a demonstration of confidence in their governments' ability to understand the issues, he says.

For the BDI, which represents many small and medium-sized firms heavily dependent on exports, such a difference in style compared with the high-profile approach of top US executives is natural and does not signal a lack of interest in the Round.

Other European business executives acknowledge, however, that European private sector interest in the Uruguay Round has been more reactive than active.

This is in marked contrast to the activity of US businessmen, who have been busy lobbying delegations of other countries such as Brazil, a reluctant player on the issues of liberalisation of trade in services and protection of intellectual property rights.

If anything, the low profile adopted by European business has accentuated the impression that Europe's main preoccupation in the Uruguay



Round is to defend its freedom of manoeuvre in farm policy. In Japan, the Keidanren employers' federation has come out in support of opening the domestic market to rice imports, partly because it sees this as in the broader trading interest of the Japanese economy.

Mr Steves of the BDI says his organisation in turn has been strong in demanding reform of the Common Agricultural Policy. "We must stop these massive subsidies not only in the EC, but also in the US."

It is a voice, however, which finds few echoes in European manufacturing industry. For all their much vaunted dependence on trade, the captains of European industry are perfectly happy to go on the record in support of 1992, but most are still strangely silent when it comes to the broader question of Gatt itself.

Search on for Yeutter successor

By Peter Montagnon

PARTICIPANTS at this week's trade ministers meeting are carefully playing down the significance of the failure so far by the incoming Bush Administration to nominate a successor to Mr Clayton Yeutter as US Trade Representative.

In a warm personal compliment despite their major policy differences, Mr Willy de Clercq, EC Trade Commissioner, described Mr Yeutter in Montreal as "an outstanding man who has the confidence of all the negotiators".

The absence of a designated successor had not diminished the standing of the US delegation to the talks and should not be treated as a signal that the Bush Administration attached a low priority to the General Agreement on Tariffs and Trade, he said.

Nonetheless, there remains considerable interest in how the succession will be handled.

Mr Yeutter, a former head of the Chicago Mercantile Exchange who has been a dominant figure in international trade policy for more than three years, has expressed a desire to return to private business once the new administration takes office.

Among names mentioned as possible candidates for his replacement are Mr Edmund Pratt, chairman of Pfizer Corporation and a businessman of wide international experience, and Mr Bill Frenzel, the Republican Congressman from Minnesota widely recognised as a keen free-trader.

Some participants at Montreal believe Mr Bush may have deliberately chosen not to nominate a successor to Mr Yeutter ahead of the Montreal meeting in order to strengthen the authority of the outgoing Trade Representative as head of the US delegation.

Mr Yeutter is deliberately maintaining an unusually low public profile but Mr Alan Romer, Deputy US Trade Representative, has stressed Mr Bush's personal interest in the talks.

"President-elect Bush has been on board every step of the way," he said.

He added this was underlined last week by a specially convened meeting involving President Reagan, Mr Bush, Mr Yeutter and Mr Richard Lynn, Agriculture Secretary, at which the prospects for the talks were reviewed. European officials say they would have been much more concerned if Mr Michael Dukakis had won the election and failed to nominate a new US Trade Representative before this meeting, but they accept that there is a considerable degree of continuity on trade policy between the Bush and Reagan Administrations.

Leahy warns on new farm subsidy legislation

By Peter Montagnon

THE US CONGRESS will write new farm legislation next year providing for increased subsidies if trade ministers meeting in Montreal this week fail to reach agreement on a commitment to long-term agricultural reform, a top US legislator warned.

Mr Patrick Leahy, Chairman of the Senate Agriculture Committee, said an agreement in Montreal on agriculture which was weak or lop-sided against the US would in all likelihood lead to Congress voting increased export subsidies in particular.

"I would like to see us not have to do that, but remember the pressures facing us in the US," he said in an interview.

The US had an enormous trade deficit but the two highest trade deficits were the earnings it derived from its farm sector and from the competitive advantage gained from its intellectual property rights.

"We're being asked in the General Agreement on Tariffs and Trade to give up any advantage we have both in agriculture and intellectual property and get nothing in return," Mr Leahy's remarks underlined both the strength of feel-

ing in the US and the wide political gulf between the US and Europe on farm reform.

He dismissed Europe's claim that it had already acted to reduce farm supports as illusory and said that the US was in fact cutting farm spending by half to \$18bn (\$7.2bn) this year.

Europe was determined to support inefficient small farmers. He said he was not concerned about the future of European farmers with five and seven acre farms. "My front lawn is bigger than that, literally." Surveys undertaken by his

committee suggested that over 60 per cent of US farmers supported the idea, proposed by the Reagan Administration, of a complete elimination of all trade and production distorting subsidies by the US provided other countries did the same.

Efforts to revive world agriculture by short-term measures such as those advocated by Europe would not be effective without a long-term goal.

"We'd have to have a pretty clear direction to see what's going to be like in the end," Mr Leahy said. He had drafted measures already contained in the new

US trade bill which provide for increased assistance to farmers if no satisfactory agreements were reached in the Gatt.

They were "about as subtle as a sledgehammer," he added. However, further increases would be written into the five-year farm bill due for enactment in 1990 if no progress was made.

If trade ministers in Montreal worked out a substantive, positive long-range reform that gives us a truly level playing field, then we can write the legislation to carry that out."

WORLD TRADE NEWS

EC to probe chemicals 'dumping'

By William Dawkins in Brussels

THREE EC chemicals companies have persuaded the European Commission to launch an inquiry into alleged Chinese and East German dumping of barium chloride, a compound used for purifying exotic metals.

The Brussels authorities are to examine exports from an East German and two Chinese producers to the highly specialised \$8.25bn (\$4.5bn) market for the chemical, which also has a wide range of medical and research uses.

This is the latest in a line of Community anti-dumping cases against basic chemicals produced by Communist countries.

Both countries cited by yesterday's case paid EC duties for five years until their expiry last August. China has already been paying dumping duties on its exports of barium chloride to the US since 1984.

EC producers claim China and East Germany are continuing to use state subsidies to fix export prices artificially low.

The companies bringing the complaint are Cdf Chimie AZF of France, Sabid of Italy and Industrias Quimicas Virval of Spain.

Mazda in Citroen sales deal

By Michio Nakamoto in Tokyo

MAZDA, the Japanese auto maker, plans to set up arrangements with Citroen, the leading French motor group, to import and market Citroen passenger cars in Japan beginning in October next year.

A joint venture company will be established by Mazda, Citroen and Seibu Motor Sales to import Citroen cars, according to a Japanese newspaper report. Mazda will then set up a wholly-owned subsidiary to manage sales through an initial countrywide distribution network of 200 dealers.

Mazda officials said only that they were taking steps to strengthen their domestic sales, including the distribu-

tion of imported cars. At present, the only Japanese outlet for Citroen's cars is a sole import agency, Seibu Motor Sales, which belongs to the Seibu Saison department store group. Last year Citroen sold 1,757 cars in Japan through Seibu Motor Sales' 80 dealers.

For Mazda, the new joint venture with Citroen would offer a chance to strengthen its domestic sales which have been hard hit over the past two years, as the company failed to make major model changes while competitors were introducing new models.

The company's share of the domestic market dropped from 6.16 per cent in 1986 to 5.36 per

cent last year while its share of the passenger car market declined from 6.06 per cent last year to 5.93 in the first half of this.

Exports of Japanese cars have been slumping under the effects of the higher yen which has made it necessary for Japanese auto makers to shift production abroad while placing greater emphasis on the domestic market.

Mazda, which depends on exports for 63 per cent of sales, faces a particularly urgent task of building up the domestic side of its business. The company, which is 23.5 per cent owned by Ford Motor of the US, already manufactures and sells Ford cars in Japan.

Maruti plans new car for 1991

By K.K. Sharma in New Delhi

MARUTI UDYOG, the Indian government-owned automobile company in which Suzuki Motors has a 40 per cent stake, will introduce a new 1,000 cc model to the domestic market in the middle of 1991. It is delaying the project by nearly a year to take advantage of a new design for an existing model planned by its Japanese partner.

The new model will be the same as that being designed by

Suzuki for the Japanese market based on modifications to the Cultus. Suzuki plans to make basic changes to this design, Maruti officials say.

The Cultus was to have been made by Maruti Udyog next year. The company will still offer its Indian customers the new model, but will wait a year so that it can be used to satisfy the Indian government's requirements of maximum indigenisation.

with local sourcing of the equipment for the new model will still be the same indigenous-made one that powers the Gypsy, the jeep-style vehicle marketed by the company in India.

Many components being made for existing models will be incorporated into the Cultus to satisfy the Indian government's requirements of maximum indigenisation.

World car market passes its peak

Kevin Done reports on a sales boom which is not expected to last

WORLD car sales are expected to fall next year from present record levels with a decline in all three major regional markets of West Europe, North America and Japan, according to the latest world automotive forecast from DRI, the automotive consultants.

The industry is enjoying record sales helped by peak demand in West Europe, Japan and the Pacific region and a marked recovery in the US car market.

World car demand is expected to grow by 5 per cent this year to an all-time high of 28.5 million units, with record demand in West Europe which took over from North America as the world's biggest car market in 1987.

West European car sales appear to be at the peak of an unprecedented boom, with record sales reached in each of the last four years. With the exception of West Germany, all the major European volume markets, the UK, France, Italy and Spain have reached an all-time high in 1988 with Italy exceeding 2 million units and Spain set to exceed 1m units for the first time.

According to DRI the market has peaked, however, and sales in all the major European markets are expected to decline next year as the result of a widespread slowdown in economic growth and under the impact of high interest rates dampening consumption.

Sales are forecast to decline by 2.6 per cent to 12.087m units following an increase of 3.2 per cent in 1988 to a record 12.779m units.

Despite the forecast decline, the absolute level of the European market would still be higher than at any time prior to the past two years of record demand.

The US car market has exceeded all expectations in 1988 and is expected to show a rise of 4 per cent to 10.699m

units according to the DRI forecast, with Ford the biggest winner with a jump in its US market share in the first 10 months of 1988 to 21.7 per cent from 20.1 per cent a year ago.

General Motors' share had declined further to 36.3 per cent at the end of October from 37.1 per cent a year earlier, despite a marginal gain in sales volume.

The DRI report says that US car sales next year will fall by

spending. Here, too, sales are expected to fall marginally next year, before rising to a new peak in 1990.

Car demand is booming in Taiwan and South Korea and is expected to stay on a strong upward trend into the mid-1990s, while sales in Brazil are recovering, though still far below the record levels of the early 1980s.

DRI says that worldwide car

forecast Japanese domestic car output will peak historically at 8.040m units this year, but fall back to around 7.5m units during the early 1990s as export growth is halted by growing offshore Japanese production.

Japanese transplant operations in the US started as relatively unprofitable ventures to fend off protectionist measures by the US, says the DRI report, but they have become "an economic imperative as a result of the soaring yen. The US now offers a lower cost production base than Japan."

The capacity of Japanese operations in the US which stood at 648,000 units (including the GM-Toyota NUMMI joint venture) in 1987 is set to rise to 2.12m units in 1990 and 2.68m units in 1992. The most aggressive expansion is being made by Honda, which should have a US capacity of 700,000 units a year by 1992.

This year Japanese producers began exports from the US to restricted markets like Taiwan and South Korea as well as to Japan itself, and Europe is expected to become the next target.

At the same time the DRI report forecasts that direct car imports to the US from Japan will decline to around 1.5m units in 1991, equivalent to only 79 per cent of the current 2.3m units "voluntary export restraint" agreed by Japan with the US.

Car output in South Korea could rise by 12 per cent this year to 886,000 units, an almost sixfold increase in the last five years. The DRI forecast suggests that output will exceed 1m units for the first time next year and South Korea is expected to overtake the UK as a car producer in 1990.

DRI World Automotive Forecast Report, November 1988. Price £1,750, published by DRI, 30 Old Queen Street, London, SW1H 9EP.

WORLD CAR SALES FORECAST ('000's)*

Table with columns for years 1986, 1987, 1988, 1989, 1990, 1991 and rows for West Germany, France, UK, Italy, Spain, West Europe total, US, Japan, WORLD TOTAL.

WORLD CAR PRODUCTION FORECAST ('000's)*

Table with columns for years 1986, 1987, 1988, 1989, 1990, 1991 and rows for West Germany, France, UK, Italy, Spain, West Europe total, US, Japan, WORLD TOTAL.

*1986/87 actual, 1988/92 forecast (includes double counting) Source: DRI Europe

Italians win Saudi contract

By Finn Barre in Riyadh

SAUDI BASIC Industries Corporation (Sabic), Saudi Arabia's partly state-owned petrochemicals group, has awarded a construction contract for the expansion of the National Fertiliser Company's Ibn Baytar plant in Jubail to Technipetrol of Italy.

Technipetrol had already been awarded a contract for consultancy on the project. Under the construction contract, it will build a 500,000 tonnes-a-year (tpy) granular urea unit, and two units that

will produce a combined total of 810,000 tpy of compound phosphatic fertiliser.

The plant will cost an estimated \$187m (£103m). The contract has been awarded on a cost-plus basis. It states that work must begin before year-end. The plant expansion should be completed by the end of 1991.

Ibn Baytar at present produces 500,000 tpy of ammonia, which is used as a feedstock for urea fertiliser. The compound fertiliser can eventually

use Saudi-mined phosphates, but will probably use other Arab-produced phosphates in the meantime.

Ibn Baytar is a joint venture owned by Sabic and Sabic's oldest company, Saudi Fertiliser Co (Safco) of Dammam.

Iran's National Petrochemical Co (NPC) is sending a mission to Japan on Thursday to discuss the stalled ¥600m (\$2.7bn) Iran-Japan Petrochemical Co project with Mitsui government and oil industry officials said.

OUR OTHER AD IS A FULL PAGE IN THE F.T.

For more about PDFA's increasingly valuable approach to fund management, please write to Keith Percy or Jane Wright on 01-628 6070.

PHILLIPS & DREW FUND MANAGEMENT LIMITED TRITON COURT, 75 BURNLEY SQUARE LONDON EC2A 4BB

Advertisement for Birmingham investment opportunities. Text: 'THE INVESTMENT IS WORKING'. Includes contact info: Birmingham City Council, Economic Development Unit, Development Department, Room 104, Baskerville House, Broad Street, Birmingham B1 2NA. Phone: 021-235 2222.

'Socialism' fears send Brazilian stocks tumbling

By Ivo Dawson in Rio de Janeiro

AN alarmist warning by President José Sarney that Brazil is on the route to "revolutionary socialism", combined with proposals by the Workers Party (PT) to nationalise private banks, sent stock prices tumbling yesterday.

On the key São Paulo market, the Bovespa index closed 5.1 per cent lower at 19,600 as smaller individual shareholders liquidated their holdings. Though trading volumes at Casbr (ES&G) were low, brokers noted that institutional buyers had clearly decided not to intervene to hold up prices.

Mr Roberto Santos Silva, of Rio de Janeiro's Tamoco brokerage, said the sharp fall in the market, which hit 24,000 in mid-November, confirmed that political anxieties were now influencing trading.

"The institutional stockholders have decided to take away the mattress beneath the market," he said. "They think it is probably too high, and there is too little clarity as to the outlook for the future."

Two big factors behind the fall were a presentation of the PT's policy objectives made at the weekend by the party leader, Mr Luiz Inácio Lula da Silva, and an emotional newspaper interview by Mr Sarney.

The PT unexpectedly triumphed at last month's municipal elections, winning several key industrial cities including

São Paulo. Many believe that Lula - as the PT leader is universally known - is now in serious contention for the presidency at elections in a year.

He said his government would call an immediate moratorium on Brazil's \$11.6bn foreign debt before re-opening negotiations with creditors.

He also envisaged the nationalisation of the banking, transport, education and health sectors. "Everything that is essential in the people's lives must be under the control of the state," he argued.

Such proposals appeared to be among the reasons for an uncharacteristically bleak view of Brazil's future in an interview with Mr Sarney in the Estado de São Paulo newspaper.

Clearly still shaken by the murder of a nephew in Rio de Janeiro last week, Mr Sarney said the PT had used the "electoral game" as an instrument to gain power and there were insufficient political forces to halt its success.

"The country is on the track towards totalitarianism. We are heading for a socialist revolution," he warned. While many believe that the PT's chances in the presidential elections next November have risen sharply, the view that the party has undemocratic objectives is unlikely to be widely shared by political analysts.

Scandal claim at Petrobras

AN investigation has been ordered into allegations of a financial scandal involving the distribution arm of Petrobras, Brazil's state-owned oil monopoly, Ivo Dawson writes.

Unnamed officials at Petrobras Distribuidora, which handles \$5.1bn (£2.8bn) a year in revenues from the company's nationwide network of petrol stations, are accused of having insisted on "tips" from banks interested in looking after its accounts.

The allegations, said to have been made by rival banks, are now the subject of an internal inquiry. They come as a seri-

ous blow to the reputation of a company long known abroad as the best administered of Brazil's state-sector companies.

It is also a personal embarrassment for President José Sarney, who appointed his friend, Gen Alberico Barroso, to preside over the subsidiary this year. The president is said to have favoured the general as president of the holding company after the resignation of Col Ovídio Silva in June, but the choice was fiercely opposed by the company.

Gen Barroso has denied any personal involvement in the alleged malpractices.

Perez faces old problems again

Joseph Mann on the return of Venezuela's veteran politician

MR CARLOS Andrés Pérez Rodríguez, a lifelong politician, won a second term as President of Venezuela by an ample margin in Sunday's national election, confirming the dominant role of the ruling Democratic Action (AD) party.

According to early projections, Mr Pérez obtained around 52 per cent of the vote, compared with 33 per cent for his closest rival, Mr Edmundo Fernández, 48, a lawyer turned politician who stood as candidate for the Christian Democrat Copei party.

Mr Teodoro Petkoff, a charismatic former guerrilla leader, took third place in the presidential race as candidate for the Movement Toward Socialism (MAS). There were 23 candidates for the presidency this year, the largest number ever.

Of the seven presidents elected in Venezuela since the last dictator was removed three decades ago, five have been members of AD and two of Copei. In elections for national and state legislators AD, the left-of-centre party that currently holds the presidency and a legislative majority, also won a majority of seats. The new president will begin a five-year term in early February, taking over from the outgoing President, Dr Jaime Lusinchi.

Official vote counting is a slow process in Venezuela, and final results may not be available for a few days. But early official results and other projections gave Mr Pérez and his party a strong lead. Mr Fernández conceded defeat on Sunday night and will now face a struggle to keep control of Copei, Venezuela's second largest political party after AD.

Elections in this nation of 18.7m people were held peacefully, but the capital city of Caracas erupted into fireworks and spontaneous street celebrations as the

results became clear.

Mr Pérez, popularly known as CAP, will be the oldest Venezuelan president to take office. But at 66 he is a highly energetic man whose 18 to 20-hour workdays test the stamina of his aides.

Born in a rural section of the border state of Tachira, Mr Pérez began working in politics as a teenager and has spent his entire professional life in the Democratic Action party. He was first elected to Congress in 1968 and later served as Minister of the Interior in the early 1960s, when he headed a successful government effort to crush leftist guerrillas.

Loquacious and charismatic, Mr Pérez was president during the heady years of the 1970s, when Venezuela had seemingly unlimited financial resources. He launched a series of big industrial and social development programmes which met with mixed success. His Government successfully nationalised the petroleum iron-ore industries, and Mr Pérez played the role of a spokesman for the Third World.

His return to the country's most powerful post was not an easy task. He left office in early 1979 with a low popularity rating. His Government accused of widespread scandals and inefficiency. Although the first Pérez regime enjoyed unprecedented income from petroleum, it was beset by problems caused by rapid population growth and official mismanagement. He even received a public vote of censure from the Venezuelan Congress for allegedly permitting corrupt acts during his Government.

As an ex-president, Mr Pérez continued to remain active in international affairs, but had to fight hard to regain control of his own party at home. Last year, he

emerged victorious from a bitter internal campaign for his party's presidential nomination.

The man who was the country's free-spending chief executive from 1974-79 will now have to face a nation with basically the same social problems, much lower oil revenues, an economy still highly dependent on petroleum, a government beset with high service payments on its foreign debt and rising inflation, and a larger population seeking political reforms and an improved standard of living.

His economic programme for 1989-93 has been publicised only in general terms. Mr Pérez has said he will call for renegotiation of the Government's \$26bn (£13.5bn) foreign debt and will keep annual debt service payments below \$2bn, compared with \$4.5bn today. He has also said he will halt the successful overseas investment programme carried out by the national oil company, PDVSA, and will open the industry to new investment on the home front.

Mr Pérez's economic plan also calls for restructuring the nation's productive apparatus, still dependent on imports. He also said his Government would make new financing available for development projects in Venezuela, "democratising" capital and provide an "equitable distribution" of the fruits of economic growth.

While continuing to take an active interest in international affairs, CAP must face serious economic challenges at home. He has said he will seek a broad agreement among Venezuelan business and labour leaders to confront the economic problems. In addition, the man who raised government interference in the economy to high levels in the 1970s has said he will redefine the role of the state in domestic economic activities.

Peruvian judiciary employees call end to 25-day strike

By Veronica Baruffati in Lima

MORE THAN 12,000 workers in the Peruvian judiciary have ended a 25-day strike which had paralysed the whole judicial system.

Although details of the negotiations have not been disclosed, strikers had been demanding the indexation of wages to inflation, the awarding of a bonus according to technical qualifications and the spreading of benefits.

"The situation of the judiciary is really chaotic, with threats of embargo and complete bankruptcy from the viewpoint of the economic management of the institution," lamented the president-elect of the Supreme Court, Dr Oscar Alfaro Alvarez.

Dr Alfaro has asked Parliament to approve 2 per cent of the state budget for the judiciary, as is laid down in the constitution.

"If the judiciary has no economic independence, then it is impossible to talk about autonomy,"

The Supreme Court is this week expected to give an injunction in favour of the demands being presented by

Peruvian miners, now into their 50th day of strikes.

The miners have already received a favourable verdict from a judge of a Court of the First Instance in Lima.

If the Supreme Court rules in their favour, the mining companies will have to negotiate with miners and government officials on the miners' industry-wide demands.

The mining companies have insisted that the Federation of Miners, Metallurgical and Steel Workers has been infiltrated by Sendero Luminoso rebels and does not represent the real interests of miners throughout the country.

Traditionally, mining companies have dealt with local unions at individual mine level, and therefore reject the right to industry-wide claims demanded by the federation.

The Government, however, agreed to the discussion of the miners' federation's broad-based claims at the end of the last miners' strike in August.

Miners' strikes this year have already cost Peru more than \$400m in lost exports.

Ortega cancels UN visit in protest to US

PRESIDENT Daniel Ortega of Nicaragua said yesterday that he would not travel to the United Nations this week because the US had failed to issue enough visas for his party and had imposed unacceptable restrictions on his stay in New York, AP reports from Mexico City.

"I cannot accept these rules because the United States cannot decide when, how and with whom a chief of state can visit an international organisation like the United Nations," President Ortega said in Mexico City.

He said that the US should not require 15 days' notice to approve the trip of a chief of state and his party to the United Nations.

The Administration of President Ronald Reagan had

refused to issue visas for half President Ortega's party and had also refused to issue visas for Nicaraguan journalists who wished to accompany him.

He also said that the US had imposed a geographical restriction on his stay that would limit him to the area of four boroughs of New York City. This would prevent him from visiting the home of the Nicaraguan ambassador to the United Nations, who lives outside that area.

"The United States has violated international norms and its promises to the United Nations and has broken the principles of the United Nations," Mr Ortega said.

He added that during his visit to the United Nations he had wished to make a presen-

tation on the disaster that Hurricane Joan had caused his country and to plead for international help.

He had also wanted to confer with Mr Javier Pérez de Cuellar, UN Secretary-General, about a new proposal for the United Nations to participate in verifying a Central American peace accord.

"I thought it was important to talk to the secretary-general because the secretary-general is an indispensable element in the new proposal," Mr Ortega said.

On Friday, US officials had said visas were approved for President Ortega, his wife, Rosario, and his son Rafael, on December 5. They were to be accompanied by President Ortega's physician and 14 security guards.

Ms Phyllis Oakley, State Department spokeswoman, said that their applications were expedited even though they were not received within the 15 working days the US Embassy in Managua required for processing.

Visa applications from 14 other Nicaraguans who wished to accompany the Nicaraguan President as part of his official party were in effect turned down because they were submitted too late to allow adequate time for processing.

Privately, US officials had said last week that President Ortega planned to meet Mr Mikhail Gorbachev, the Soviet leader, who will address the UN General Assembly this week and will meet Mr Reagan and Mr George Bush, the President-elect.

US economic growth slows, says survey

THE US economy continued to grow in November, but at a slightly slower pace than the previous month, the National Association of Purchasing Management said, AP reports from New York.

The NAPM, which tracks the strength of the economy with a monthly survey of purchasing executives, said on Sunday that its Purchasing Managers Index dipped to 56.8 per cent from October's 56.8 per cent.

The purchasing managers who took part in the survey said production continued to increase last month, but at a slower rate than in October.

Some 27 per cent of the respondents reported production was up, compared with 26 per cent in October. While 58 per cent, compared with October's 65 per cent, said that production was the same, but 15

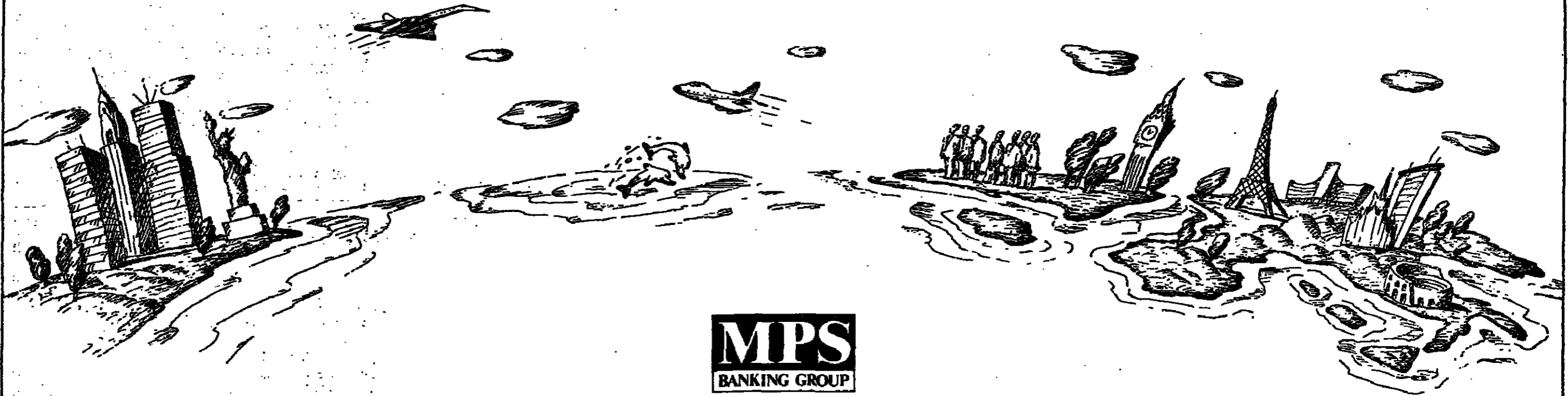
per cent said production was slower, compared with 9 per cent the previous month.

Employment was sharply higher in November 18 per cent of the respondents reported higher employment, while 69 per cent said it was the same and 13 per cent said it was down. That compared with 18 per cent reporting higher employment during October, 72 per cent reporting it was the same and 10 per cent reporting it fell. The purchasing managers also reported new orders grew in November.

● The US economy will slow considerably next year and probably tumble into a recession before the end of 1990, according to a survey of the National Association of Business Economists (NABE) released yesterday. Reuter reports from Washington.

There is an Italian Banking Group already at work in the Europe of tomorrow.

Member banks of the Group: Banca Toscana, Credito Commerciale, Credito Lombardo, Banco Valdostano, Istituto Nazionale di Studi e Ricerche Economiche, Credito Italiano, Credito di Sesto and Italian International Bank. Seven banks. One Group. A global strategy since 1902. The strength of the Group: 796 offices in Italy and abroad, including branches and representative offices in London, Paris, Frankfurt, Bruxelles, Mosca, Singapore, Cairo, São Paulo. 16,000 employees. Other member banks include Banca di Sud, United Bank for Africa, Internationale Bank für Aussenhandel.



MPS BANKING GROUP

peak red to last

OUR OTHER ADISA FULL PAGE IN THE...

UK NEWS

Training Bill to see abolition of Wages Councils

By Charles Leadbeater, Labour Editor

The Government yesterday signalled its intention to abolish the 26 Wages Councils, which set minimum pay levels for 2.5m workers, and the pre-entry closed shop, in which workers must have a union card before they can get a job. The plans are laid out in a broad policy document on employment, *Employment For The 1990s*. It is directed at improving Britain's training system.

The paper outlines plans to set up a local, employer-led system based on a network of about 100 local Training and Enterprise Councils. These will work with the Department of Employment's Training Agency and a new National Training Task Force composed largely of leading employers.

The document will also allow for the abolition of the statutory powers of the seven remaining Industrial Training Boards to raise money from industry through a levy on employers.

The Construction Industry Training Board, which has the widespread support of employers in its industry, may be given special treatment.

The Government also plans to privatise the Skills Training Agency which operates about 60 training centres for the Department of Employment.

The most controversial plans are likely to be those to reconsider the future of the Wages Councils and the pre-entry

closed shop. The paper argues that the councils have not been giving enough weight to the impact of their awards on job prospects. It also doubts whether a statutory system of pay determination is relevant to the 1990s, when employers should be developing more flexible and individual systems for determining pay.

The review of the entire Wages Council system goes beyond recent calls from the Confederation of British Industry, the employers' body, for the abolition of councils in sectors such as Hotel and Catering.

On the closed shop, the paper says that all forms of the closed shop are unacceptable limits on the freedom of individual workers.

Recent research had shown that companies which operate with a pre-entry closed shop, in which a worker has to have a union card before being able to get a job rather than merely joining a union after taking up the position, are more likely to shed jobs than companies which are not unionised or operate without a closed shop.

The core of the white paper is the plan to set up employer-led Training and Enterprise Councils over the next four years. Mr Norman Fowler, the Employment Minister, said he hoped there would be between 12 and 20 such councils established by the end of 1988.

Mrs Thatcher's criticism of Ryan case angers Irish Government

Dublin stands by its record on extradition

By Kieran Cooke in Dublin.

FROM the political rows surrounding the case of Mr Patrick Ryan, the Irish former missionary wanted in Britain in connection with IRA murders and bombings, one clear message emerges: extradition is a tricky business.

The Irish are angry about what they consider to be the unjustified and ill-informed public criticisms by Mrs Margaret Thatcher, the UK Prime Minister, of the handling of the Ryan affair. Mr Charles Haughey, the Irish Prime Minister, will today tell the Dail, the Irish Parliament, about his none too cordial meeting with Mrs Thatcher at last weekend's summit of European Community leaders in Rhodes.

In a special Dail debate Mr Haughey will also seek to make permanent the existing extradition procedures

between the Ireland and Britain - procedures which have induced near apoplexy within British Government ranks.

The Irish Government has argued that it has done all it can to make extradition work, often against considerable public criticism. A total of 895 people have been extradited from Ireland since special arrangements for extradition between the Irish Republic, Britain and Northern Ireland came into force in 1965.

Some escaped extradition by claiming in court that their offences were political. But since the early 1980s the Irish Courts have tended to not recognise such political pleas.

Late last year the Dail passed an Extradition Amendment Act. In many ways this confirmed by statute what had

already been decided by the courts: that extradition could in future not be fought on political grounds.

The Irish Republic was thus able to sanction the European Convention of the Suppression of Terrorism. "We must face the reality that persons who seek to achieve their political objectives by terror, by bombing and by kidnapping can now move freely and quickly with their means of destruction from one jurisdiction to another," Mr Haughey said last year. "They can only be prevented from inflicting horror and suffering and tragedy by international effort."

But the Irish also attached some special conditions to the Act. To the Irish these are normal safeguards aimed at preserving the rights of an individual. To the British they are



Haughey: international effort needed against terrorism

impediments in the fight against terrorism.

The Irish Attorney-General, before allowing an extradition request to go to court, must be sure that Britain intends to prosecute and not just question the wanted person. To decide this, the Attorney-General must have before him detailed evidence on the case. The Irish say these are normal safeguards, variations of which operate in every country which has extradition arrangements with others.

Mrs Thatcher, however, says that present extradition procedures are not working. The Irish say that the new procedures have been in force for only a year and one person has already been extradited, although this was not for a terrorist-related offence.

The Irish Attorney-General

Receiver called in at Sound Diffusion

By Philip Coggan

SOUND Diffusion, the UK electrical equipment leasing group, yesterday asked its bankers to appoint a receiver after experiencing a "deterioration in trading" following its recent interim results.

The company's shares were suspended at 22p yesterday and its listing will not be restored.

In 1982, it was one of the best performing shares of the year, rising by 258 per cent, but problems began to set in in 1985. The board's performance was yesterday attacked by a major shareholder, Mr Michael Dawson, chairman of Tunstall, the security equipment group, who described the situation as "a shambles".

Sound Diffusion leases fire alarms, radio systems and kitchen equipment to hospitals, hotels and nursing homes and many of its problems relate to the accounting treatment of those leasing profits.

After Mr David Macdonald, former Takeover Panel director-general, took over at the end of 1987, it was found that the previous management was over-optimistic, in calculating costs of operating leases and the likely rate of cancellations.

Write-offs totalling about £10m severely weakened the group's financial position and the company decided to concentrate on shorter term leases in future. The Bank of Scotland, the company's main bankers, was asked to put up additional funds, but refused.

Government defers changes in anti-terrorist laws

THE GOVERNMENT yesterday postponed a decision on changes in anti-terrorist legislation to meet last week's ruling by the European Court of Human Rights that existing police powers of detention breach the European human rights convention, Charles Hodgson writes.

Mr Douglas Hurd, the Home Secretary, had been expected to tell the House of Commons during today's second reading of the Prevention of Terrorism Bill how the Government intended to respond to the Strasbourg-based court's ruling.

The court found that Britain's failure to bring suspects before a judge "promptly" breached the European convention.

However, a meeting of senior ministers, chaired by Mrs Margaret Thatcher, the Prime Minister, yesterday failed to reach a decision on changes to the Bill, which renews the existing legislation and makes permanent the core powers of detention without trial and exclusion of suspected terrorists.

At present, British police can hold a suspect without charge for 48 hours before applying to the Home Secretary, or in

Ulster the Northern Ireland Secretary, for an extension up to a total maximum of seven days.

The Government is considering three main options: simply to reduce the seven-day period to the European average of four days; to retain the seven-day period but allow for a judicial review after four days; or to derogate from the ruling on the grounds of the threat posed by terrorism.

Ministers appear determined to keep the seven-day detention period, which the police insist is necessary to enable them to carry out a complete

investigation of a suspect. The Government is also unwilling to run the risk of attracting adverse publicity by taking the rare step of derogating from the ruling.

This leaves the compromise option, allowing for judicial review of a suspect's detention within the seven-day period. Officials concede that finding a workable means of introducing such a review would be problematic.

Ministers would have to decide whether to hold the review in open court, forcing the police to reveal in public the evidence they have col-

lected, or in closed court, which might not satisfy the European Court's requirements. There is also the question of whether the same judge should preside over both the review of detention and any subsequent trial, given his prior knowledge of the evidence and the risk that involving judges in what is already controversial legislation might further expose them as terrorist targets, particularly in Northern Ireland.

Senior government officials insist that the Government will not be rushed on its response to the ruling.

Egg producers cry foul

Nikki Tait on a scramble to denounce Ms Currie

MRS EDWINA Currie, Junior Health Minister, might be well-advised to give Britain's egg producers a wide berth in the weeks ahead. Her weekend remark that most of Britain's egg production was affected by salmonella was being greeted yesterday with a mixture of annoyance, incredulity and not a little sadness.

"Perhaps she might do the honourable thing and resign," suggests Mr Peter Dean, head of Deans Farm Eggs, part of the Dalgety group, bluntly.

"It's all an enormous exaggeration," remarks Mr Harry Solomon, chairman of Hillsdown Holdings. "The dangers of eating an egg are probably less than walking across the road." The authorities, he says, should clarify the position.

There is certainly a sizable industry potentially affected by Mrs Currie's remarks. According to figures from the Ministry of Agriculture, Fisheries and Food, the average weekly throughput of eggs in the UK ranged between 640,000 and 660,000 30-dozen boxes in the first half of 1987. In "real" terms, it works out at about 30m eggs consumed a day.

In terms of structure, however, the UK industry involves a relatively small number of big players and then a much larger band of smaller producers. At the top are the likes of Thames Valley Eggs, Dalgety and Hillsdown, followed by Kent-based Stonegate Farmers

together taking perhaps 42 per cent of the market.

The largest of these is probably Thames Valley Eggs which industry sources estimate accounts for about 14-15 per cent of throughput. It is, however, a co-operative dating back to the mid-thirties rather than a typical company, and represents about 90 individual producers. These range considerably in terms of size - anything from several thousand to a million birds - and are spread geographically from North Devon to Yorkshire.

After Thames Valley, Hillsdown and Dalgety - rank approximately equally with perhaps 10-11 per cent of the market apiece. In both instances, egg interests are part of a very much larger food operations.

Hillsdown acquired its Daylay business, along with Buxted poultry, from Imperial Group in 1982. Dalgety, by contrast, almost doubled the size of its existing egg subsidiary, Deans Farm Eggs, when it acquired Goldenlay, a co-operative based in the north of England, for £4.4m a year ago. Neither company specifically breaks out egg profits, but at the time of the Goldenlay deal, Dalgety suggested that annual profits of around £1m-£2m would roughly double with the acquisition.

There is a further contrast between the two operations. While Daylay produces and

packs, the Dalgety business is more heavily angled towards packaging and marketing. The company estimates that, after Goldenlay, it produces only about 30 per cent of the eggs which it sells.

The fourth "national" group is Stonegate, in this case a well-established privately-owned company. Below these four big players comes a raft of thousands of medium-sized, small and even "cottage industry" egg producers.

Assessing how serious the fallout from Mrs Currie's remarks and simmering issue of egg safety is difficult. Mr John Coles, head of Thames Valley Eggs and chairman of the British Egg Industry Council, suggests that forward orders may fall by as much as 25-30 per cent. Another large producer suggests that forward orders are already down by a tenth.

A couple of factors complicate early assessment. Demand for eggs traditionally rises in November and December, so the fall-off in demand could be masked by the seasonal upswing.

Also, the egg industry has a lag of six months or more before producers can adjust to changes in demand.

If demand does slump sharply as a result of the recent media attention, Mr Coles is prepared to describe the result as potentially "devastating."



Roncaglia OPR flour mills

THE KEY TO PROFIT

The flour milling technology developed over the past 35 years by Roncaglia OPR enables bakers, farmers, large users of flour, grits and semolina, such as breweries, pasta factories, etc, to set up their own independent flour mill.

LOW INVESTMENT
Roncaglia SPA has rationalized the processing of grain and drastically cut investment costs. The amount of capital required for installation of a Roncaglia OPR flour mill is the lowest around today. A simple structure, 5 metres high, is sufficient to house Roncaglia OPR plants.

HIGH PROFITS
The high returns made possible by Roncaglia OPR internationally patented plants reduce the lock-up time for capital and allow rapid industrial growth.

TECHNICAL ASSISTANCE
On site installation and start-up are handled by experienced technicians, whose cooperation with the customer guarantees smooth commissioning. After sales service includes assistance that is fully able to ensure maximum plant efficiency at all times and in all parts of the world.

SELF-SUFFICIENCY
A network of autonomous Roncaglia OPR milling plants throughout the nation creates national self-sufficiency in flour production, thus directly contributing to the social and economic development of the country.

HIGH TECHNOLOGY IN A SMALL SPACE

Office Roncaglia S.p.A. - Engineering Works - P.O. BOX 519
41100 Modena - Italy - Phone + 39 59 218399 (series) + 39 59 218551 (series)
Telefax + 39 59 218520 - Telex 218384 - 216089 - 510169 Roncagl I

Kindly supply detailed information on Roncaglia OPR mills

Name
Company
Town
Country
Phone

THE BANK OF KUWAIT & THE MIDDLE EAST

Opens Your Horizons to the Arabian Gulf

Through our new representative office in New York, BKME can bring you closer to a whole world of trade and business opportunities in the Arabian Gulf.

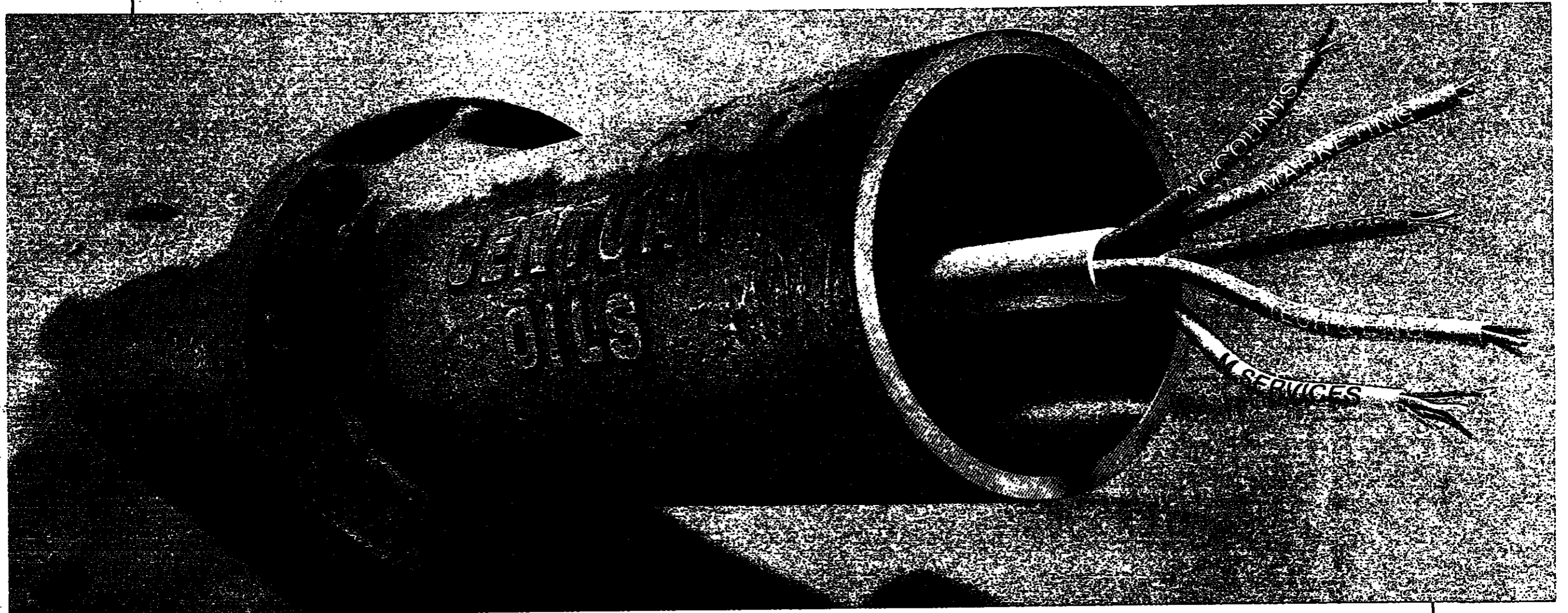
Our comprehensive banking services are designed to give you a combination of in-depth knowledge of the Gulf markets and the warmth of personalized banking we've been known for since 1941.

To learn more about how BKME can help you, please contact our Representative in New York City, Mr. Samer Shamma at the following address:

BKME Representative Office
350 Park Avenue, New York City, N.Y. 10022
Tel: (212) 223-8305, Fax: (212) 223-4955

BKME
THE BANK OF KUWAIT & THE MIDDLE EAST K.S.C.
Always at your Service Personally - Since 1941

To improve their computer communications, we fitted a pipeline straight through Century Oils.



Century Oils had a few words to say concerning their previous communications set up.

The problem was exactly that, too few words. Terminals couldn't talk to each other without going through a central database.

As demand for information increased, demand on the central database increased.

This meant speed of all the information through the various departments rapidly decreased.

Century Oils were speechless. That's when they decided to have a word with British Telecom.

So how did we help their communications team turn what were silent terminals into little chatterboxes?

The T-NET local area network. This enabled Century Oils to keep all their existing terminals without having to totally rely on the central database.

So why couldn't any other company do this? Expertise.

You see British Telecom's knowledge in communications allowed us to redesign the system, and at the same time keep each departments' existing files.

And no other company had the facility to offer a complete package from design and software to installation and training.

All with just a single contact to manage the entire project.

We're now installing further

T-NET systems to give information required for, amongst a great deal of other things, precise control of the manufacturing process.

Which apart from being a very exceptional service for Century Oils, it's an exceptional service for their customers.

But if you think we're all talk, please call us.

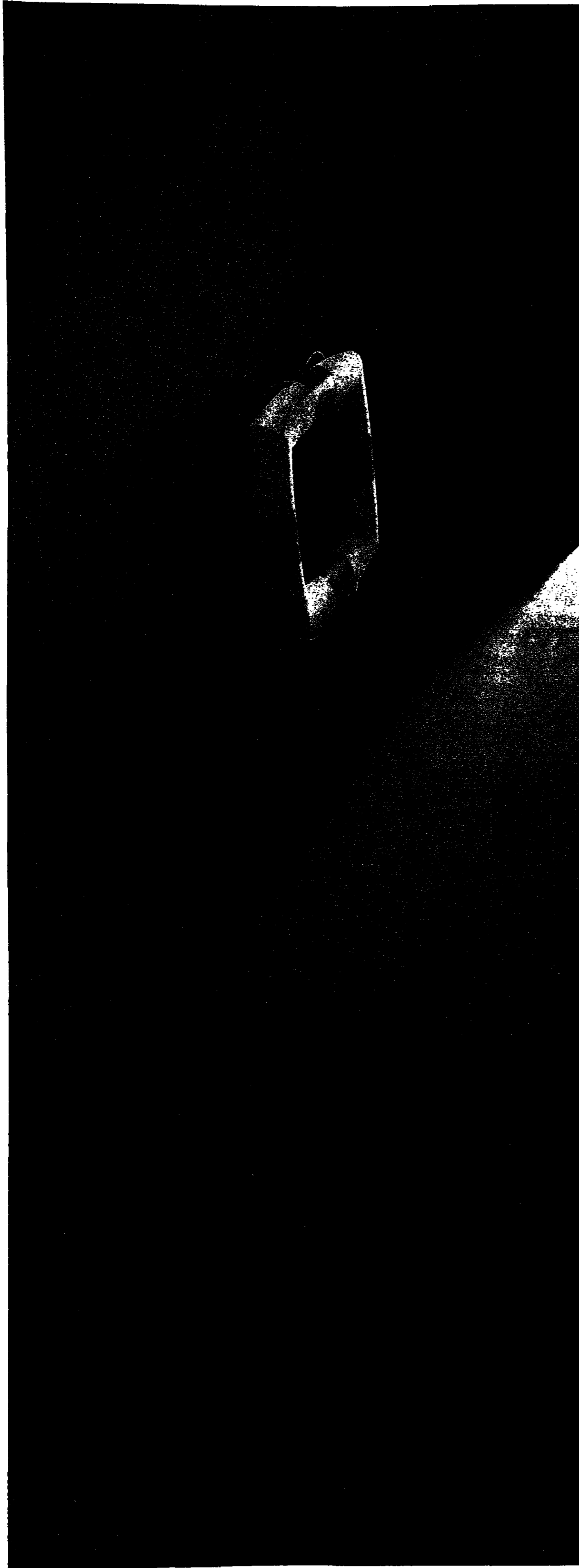
In Century Oils' case, all talk is no bad thing.

To keep you up to date with information technology and with what British Telecom is offering, we have set up the Information Exchange. We'll send you full details and an introductory pack.

CALL FREE - ON 0800 800 817 ANYTIME.

British TELECOM
It's you we answer to

CEMBER 6 1988
river
ed in
ound
usion
Copper
Discussion, the
equipment used
yesterday used
to appear a new
scheme a new
rodent, following
their return
company's share
at 23 yesterday
listing will be
It was one of the
big shares of the
y 1988 per cent
a began to rise
e board's performance
terd. Under
roduction Mr
chairman of
why equipment
across the
1. Duration
radio systems
equipment in
te and using
any of its
the appointing
those and
Mr David
Takover Paul
eral took over
1988. It was
vious management
similar in
operating
fly rate of
several
a financial
equipment
to an
The
the company
was used
and financial
foul
e Ms Currie
Middle East
bian Gulf



In an ideal world nobody would ever need our services.

(Just as in a perfect world there'd be no need for life belts either.)

Unfortunately every month at least 80 of our clients face major problems with one or more of their customers.

Either their customers have gone bust or are having extreme cash flow problems.

Whatever the reason, they're still unable to pay their bills.

Without us this could leave our clients with a few major problems of their own.

Some would undoubtedly sink without trace. While others might just manage to keep their heads above water.

With our life belt at hand, however, they hardly even notice there's a storm brewing. Because we make sure that up to 90% of the bill is paid.

In fact we pay out over £2 million a month.

Some of the bills we meet are for exporters, who often face particularly risky situations.

Our export service, which has been operating since 1918 and covers over 100 countries, can insure most risks.

Even political ones.

ON AVERAGE, IT'S USED 80 TIMES EACH MONTH.

While our subsidiary, The Export Credit Clearing House, can arrange non-recourse finance to help expand your exports.

Since we're such an effective protection against the problems of other companies, why don't even more companies use us?

The answer, almost certainly, is that they have rather out-dated ideas about our service.

Some think, for example, that we insist on insuring all their customers.

In truth, however, we're happy to tailor a policy to the needs of a company.

We'll insure all its customers. Or just those it chooses.

We can even insure specific contracts.

The flexibility of our service means that the permutations are almost endless.

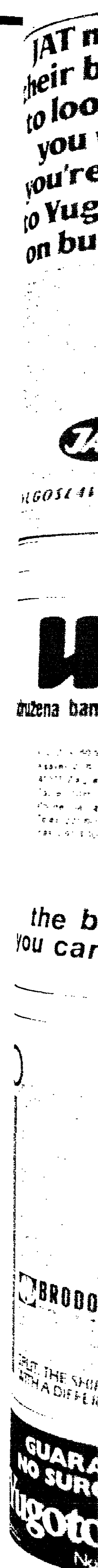
So there's little doubt that whatever size your business our services are both sensible and prudent.

After all, who else is going to throw you a life belt when things go wrong?

TRADE INDEMNITY



For further information on our services, please call 01-739 9939.



UK NEWS

Building output to rise by 3.5% over next year

By Andrew Taylor, Construction Correspondent

BRITISH construction output will rise by a further 3.5 per cent next year, mostly based on the large amounts of work already in the pipeline, the National Council of Building Material Producers forecast yesterday.

Poll shows optimism in plastics industry

By Peter Marsh

A HIGH proportion of companies in Britain's £10m-a-year plastics industry is increasing profits and expanding plant, a survey shows.

Stock Exchange's settlement system 'becoming stranded'

By Barry Riley

THE STOCK Exchange's planned new electronic settlement system Taurus is fast becoming "stranded" according to Mr Gavin O'Mahony, head of Barclays Bank's retail stockbroking operation, Barclays.

Iraqi oil chief predicts revival of Opec influence over prices

By Steven Butler

MR ISSAM AL-CHALABI, the Iraqi oil minister, yesterday predicted a revival in the ability the Organisation of Petroleum Exporting Countries to exert strong control over the direction of oil prices, but he gave a warning that Opec alone would not shoulder the burden of maintaining oil market stability.

Semiconductor price fall 'curbs market'

By Hugo Dixon

A DRAMATIC fall in semiconductor prices will limit the growth of the UK's electronic components market to only 7 per cent next year, according to a forecast published yesterday by the Afdac, the industry's trade body.

The Mersey's new investment banks. Trebling the size of Merseyside Development Corporation's area provides exciting opportunities for investment. The internationally acclaimed Liverpool Waterfront pointed the way.

Notice to Lombard Depositors. The following interest rates will apply from 6th December 1988. 14 DAYS NOTICE. When the balance is £5,000 and above: 11-750% PA | 9-018% PA | 12-024% PA.

68m soles, January, TINGS, ILC, and other vertical text on the left margin.

We're flying a new flag



AECL Radiochemical Company is now known as Nordion International Inc.

We've got a new name. A new corporate identity. But we're continuing the entrepreneurial mission of excellence and innovation that built our global reputation for leadership over the last 42 years.

Introducing Nordion International Inc., formerly the Radiochemical Company division of Atomic Energy of Canada Limited.

Nordion International Inc. A pioneer in developing, producing and marketing products used in medical diagnosis,

health care and other life-enhancing processes.

Our products are used around the world in learning more about disease and treating the sick. In understanding how our bodies work. In sterilizing disposable medical supplies and purifying wastes. And in a variety of other research and industrial activities.

Nordion International Inc. Pioneer. Innovator. World Leader. We think that's worth waving our flag.

NORDION
INTERNATIONAL INC.
Toward's a Better World

447 March Road, P.O. Box 13500, Kitchener, Ontario, Canada K2K 1X8

UK NEWS

Keeping Brel on the right track

Kevin Brown on why a British Rail unit is attracting bidders

THIS week, copies of the annual results of British Rail Engineering (BRE) will land on the desks of Lord Weinstock, managing director of General Electric Company, Sir Nigel Brookes, chairman of Trafalgar House, and Mr Percy Barnevik, chief executive of Asea Brown Boveri, the Swiss/Swedish electrical engineering group.

The results, which will show a significant improvement in BRE's performance, are likely to intensify a lengthy takeover battle in which these three companies have emerged as the key players.

Mitsubishi Japan and General Motors of the US were among about a dozen potential buyers which expressed an interest in BRE when the company was put up for sale by British Rail - on government orders - late last year.

In the event, all but two groups dropped out before the initial bid deadline on October 7. The only firm bidders turned out to be General Electric Company of the UK (GEC) and a management and employee buy-out consortium (MEBO) headed by Mr Peter Holdstock, BRE's managing director, with backing from Trafalgar House and ABB.

From Lord Weinstock's point of view, the sale of BRE offers an opportunity to expand GEC's successful interest in the railway equipment market, in which GEC Transportation and GEC Traction are already significant suppliers.

It also makes sense for GEC to do whatever it can to prevent ABB - one of the world's biggest railway equipment companies - from establishing a strong UK base.

However, GEC is fighting an uphill battle against the MEBO consortium, which has the advantage of support from the existing management and workers, as well as the corpo-

rate strength of its two multinational backers.

None the less, the consortium has faced substantial problems in putting its bid together, and was recently forced to request a postponement of the final deadline for detailed bids from November 30 to December 31.

The consortium faced two main difficulties. First, BRE decided to move the end of BRE's financial year forward from March 31 to coincide with the closing date for initial bids on October 7.

This meant that the six senior BRE managers who are leading the MEBO consortium were forced to prepare the results at the same time as putting together a complicated bid for the company - a dual role which proved impossible.

There was also a more serious difficulty. The original structure of the consortium and employees to hold a controlling stake of 51 per cent in the privatised company, with the balance held equally by Trafalgar House and ABB.

This structure, which would have left control of the company clearly in British hands, had to be scrapped when, towards the end of the talks, BRE decided that it would require bigger than expected financial guarantees from the privatised company.

These guarantees, which would demonstrate the ability of BRE to finance completion of existing and future orders, would require access to more funds than would be available to the MEBO team.

As a result, Trafalgar House and ABB have agreed to provide the guarantees, but have insisted on a change in the shareholding structure of the consortium which will reduce the MEBO stake to a minority 20 per cent, with the balance held equally between the two

corporate giants.

The three parties have not yet agreed on a mechanism for future changes in the shareholding structure, but talks continue in an effort to solve this before the bid deadline.

An agreement is believed to have been reached, however, which would leave day-to-day management in the hands of the existing management.

BRE was never likely to attract a flood of bidders. The company lost \$6.8m in the year to March 31, up from \$5.3m in the previous year. In addition, some of its four works in Derby and Crewe in the north Midlands and York in the north east of England are over-staffed and some redundancies are inevitable.

The company has also had difficulties in adapting to the introduction of competitive tendering by BR, which provides almost all the company's work. The loss on competitively-tendered work amounted to £10.9m last year, offset by a profit of \$4.1m on work not offered to other companies.

All this has taken place during a period in which the company has been restructured by British Rail, with some works sold, others closed and the workforce cut in six years to 8,000 from 31,000 six years ago.

On the other hand, the reorganisation is beginning to bear fruit - production of Class 221 electric multiple units at York is running four to six weeks early, for example.

In the longer term, BRE is well placed to benefit from the "new railway age" which most railway managers believe the industry is entering.

For example, the company has a stake in the Anglo-French-Belgian consortium which is almost certain to win the £400m contract to build high-speed trains for the Channel tunnel, and is also involved with GEC and Alstom of

France in a separate consortium seeking the contract to build shuttle trains for Euro-tunnel, the tunnel promoters.

There are several other promising developments:

● BRE will be a bidder for the £1.6m which BR is planning to spend on new rolling stock in the next five years.

● There is also likely to be a large investment programme by London Underground, which will have to be split between a number of suppliers to ensure quick delivery.

● BRE is talking to the promoters of light rail projects in several UK cities where new systems are being considered.

● Much of the formerly heavy demand for repairs and maintenance on BR locomotives has disappeared, but BRE has had some success in attracting diesel repair work from other sources, such as the Defence Ministry.

● Export markets have been identified in a number of countries, including India, China and the Soviet Union, where technology transfer could follow rolling stock sales.

Trafalgar House could also give BRE access to the proposed high-speed line from London to the Channel Tunnel, which Trafalgar is interested in building privately.

The prime attraction of the deal for ABB is thought to be BRE's low-cost production of body shells and units - the two production lines in Crewe could be used to satisfy ABB demand, for example.

The MEBO consortium has told the Government that its bid represents the best combination of management continuity, workforce support and strategic planning. At the end of the day, however, ministers may be most impressed by the political attractions of the consortium's promise to keep all four existing works open.

Common basic Vat rates urged for EC

By Guy de Jonquieres

DIFFERENCES between value added tax rates in the European Community can be prevented from distorting competition after 1992 if countries agree simply to set common minimum rates, according to a report by the Institute for Fiscal Studies.

The report, prepared for the Round Table of European Industrialists, says such a system would be preferable to the EC Commission's controversial proposal to group national Vat rates into two bands.

The Institute argues that the Commission's proposal is needlessly restrictive. It says all that is required is action to stop countries undercutting each other's tax rates, and that they should remain free to set maximum rates at whatever level they chose.

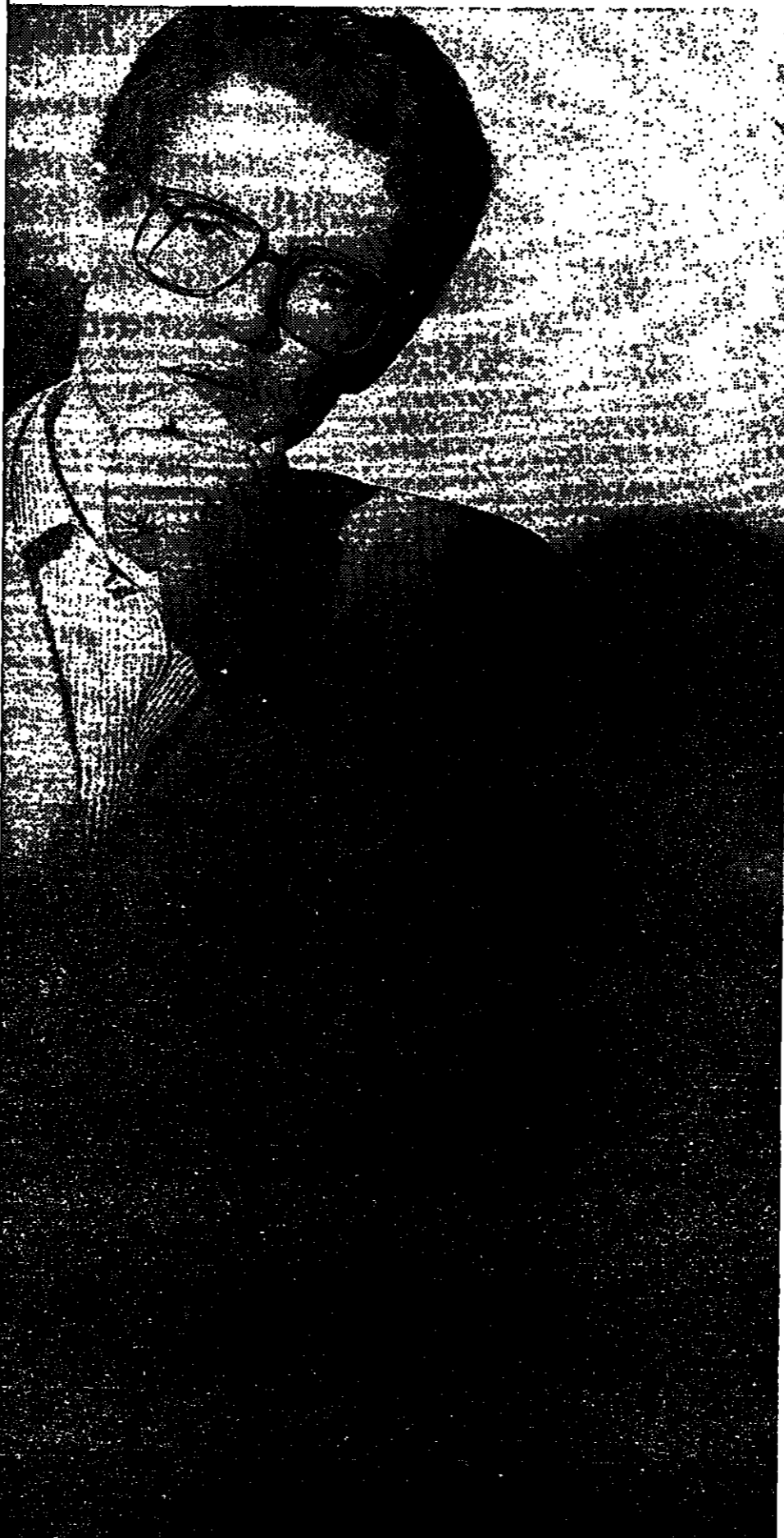
The report also criticises the Commission's plan for a clearing house to re-distribute Vat revenues after internal EC frontier controls are abolished. It says the clearing house will reduce the incentive for governments to detect Vat fraud.

Harmonisation of excise duty rates will be unavoidable after 1992 unless agreement is reached on alternative administrative arrangements, it adds.

Different national excise rates could continue if tax stamps are used for dutiable goods, or if the EC allows excise rates to be set by regional groupings of countries with few common land frontiers.

Opening up the tax frontiers; Institute for Fiscal Studies, The Round Table of European Industrialists, 15 Rue Guimard, 1040 Brussels, Belgium.

"How can I build capital easily?"



Save with Flexi-Saver

If you're looking to build capital easily you should take a close look at Flexi-Saver, a brand new scheme from Scimitar, the investment arm of Standard Chartered.

Flexi-Saver enables you to save into equities, bonds or currencies, thus giving your savings a wide scope for growth.

How does it work?

Flexi-Saver is simple. You make regular monthly payments to the value you want.*

It's flexible. You can save for as long or as short a time as you like, make lump-sum payments, and you can even suspend the plan temporarily.

Flexi-Saver offers you the choice of five offshore Scimitar Funds covering the world's major equity, fixed income and currency markets:

- Equities - Pacific Basin and Worldwide Funds.
- Fixed Interest - Worldwide Bond Fund.
- Currency - Managed US Dollar and Managed Sterling Funds.

But, perhaps most importantly of all, you should invest in Flexi-Saver because it offers you double protection. As well as having the backing of Standard Chartered, Scimitar's new plan will be underwritten and administered by Sun Alliance - one of the leading international insurance groups.

Flexi-Saver - more straightforward than most.

If you'd like your money to start working for you quickly, fill in and return the coupon below.

Then we'll send you our brochure together with your application form. Alternatively, call in at your local Standard Chartered Bank.

* Minimum monthly contribution is £100 or US\$150.

Necessary information, for your understanding and protection:
You are reminded that as a consequence of the general nature of the investments held and of possible exchange and interest rate fluctuations the value of shares and the yield from them may go down as well as up and that past performance is no guide to the future. Also, deduction of the Fund's initial charge means that if you withdraw from the plan in the short-term you may not get back the amount you have invested.
This advertisement is issued by Scimitar Asset Management Limited, member of IBCO and advisor to the Scimitar Funds. It does not constitute an invitation to subscribe for shares, which may only be made on the basis of the prospectus.
Scimitar Asset Management (CI) Limited is not an Authorised Person subject to the rules and regulations made under the Financial Services Act for the protection of investors' rights under the Funds may not be protected by the UK Investors' Compensation Scheme.

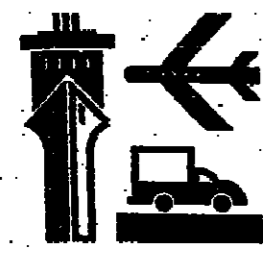
Please send me the Scimitar Flexi-Saver Brochure and application form without delay.

When you have completed the necessary details below send to: Scimitar Flexi-Saver, P.O. Box 77, Phoenix House, New Street, St. Peter Port, Guernsey, Channel Islands. Tel: 0481 23339; Telex: 4191174; Fax: 0481 712424.

My name is _____
Address _____
Postcode _____
Country _____
Date _____

SCIMITAR
HAS THE EDGE
Scimitar Asset Management Limited
Standard Chartered

FINANCIAL TIMES SURVEY



Radical reforms to reduce the communist party's role in the economy and reshape the

country's trade and industry are now in place. But converting from a centrally-planned economy to a market-oriented system will be far from easy. Judy Dempsey reports

The party is over

THE AFTER MONTHS of debate, interrupted by ethnic unrest and nationalist tensions, the Yugoslav authorities are embarking on an apparently radical economic programme which could reshape the country's trade and industry.

The reforms, included in amendments to the 1974 Constitution, and designed to make the economy more market-oriented, also attempt to break the unwieldy power of the bureaucracy and of the six republics and two autonomous provinces.

Those reforms were for months overshadowed by a bitter dispute between Mr Slobodan Milosevic, the party leader in the republic of Serbia, and the leadership in the southern province of Kosovo. Since 1974, Kosovo has been constitutionally linked to Serbia but enjoyed many of the rights of the other Republics. But by amending Serbia's own constitution, Mr Milosevic hoped to integrate Kosovo into Serbia.

His plans, however, re-awakened deep suspicions of Serbia's intentions among some of the other Republics, most notably Slovenia and Croatia. They objected on the grounds that it would give Serbia greater political influence throughout the Federation.

This was precisely what the late President Tito sought to avoid in the 1974 Constitution which weakened Serbia's power by creating the provinces of Kosovo and Vojvodina in the north. But a determined Mr Milosevic, spurred on by his Serbian nationalist supporters, accused the Kosovo leadership of not protecting its Serbian and Montenegrin minorities against alleged intimidation by the ethnic Albanian majority.

After months of mass demonstrations by Serb nationalists, the changes in the Serbian constitution were eventually made and accepted by the other republics. Following this decision, the Federal party leadership has pressed ahead with the separation of communist party and state which, in theory at least,

Cockpit of the radical reforms to reshape the country's trade and industry: the Yugoslav Federal Assembly (parliament) in session earlier this year

YUGOSLAVIA TRADE & INDUSTRY

will enable the Federal government to push through economic reforms applicable to all the republics and provinces.

Under the outgoing system officials could hold posts in both party and state simultaneously. As a result, the state had little real authority or power to implement policies. Nor were the economic functions of the state strictly defined. However, a Federal committee last October decided to delineate responsibilities, so as to claw back some authority for the state and reduce the party's role in the running of the economy.

This involves dismantling the system, whereby key economic positions, such as managers of the large enterprises had been earmarked for those better known for their loyalty

to the local party elite than for competence or expertise.

Tact acceptance of the party's continuing, if not pervasive, influence in the economy has, in the past, manifested itself in many ways. Most obviously and commonly, patronage and good old fashioned nepotism, the extended family and loyalty to it, has often helped cover-up poor economic decisions and badly-run enterprises, as occurred in the Agrocomerc crisis in the summer of 1987. The issuing of unbacked promissory notes, which apparently had been known for some time, revealed a network of patronage reaching up to the party leadership. Clearly, the state will require considerable tenacity, courage and competence, to push through reforms which upset these cherished old traditions.

Other reforms include liberalising the latest joint-venture legislation, creating greater independence for the banks and allowing enterprises to raise capital. This is crucial for the future development and modernisation of the industrial base since one of the main problems of Yugoslavia's economy in recent years has been a sharp decline in capital investment in key areas of potential growth.

This has been partly due to soaring inflation, a debt exceeding US\$20bn, and the federal government's inability to put a squeeze on consumer spending, and the power of the individual republics to pursue their own economic policies.

Yugoslav economists believe that a worrying drop in gross investment - 4 per cent in 1987 and 5 per cent in 1988 - is a

measure not only of the growing obsolescence of industrial machinery and equipment, with a subsequent decline in the country's competitiveness, but also of the deteriorating quality of the economic and social infrastructure.

In fact, the state of the infrastructure, including roads, housing, hospitals, transport, hotels, the sewerage system and the environment generally, is now regarded as one of the most serious problems affecting not just Yugoslavia but all of Eastern Europe.

Yugoslav economists blame this investment decline on the "complete misuse of hard currency credits" as well as the lack of any public accountability to monitor the use of these funds. Such explanations are confirmed by the giant steel works of Smederevo, close to

Belgrade. White elephant projects designed to reinforce political power bases in the republics, have too often substituted for economic planning.

Given these conditions plus restrictions on borrowing hard currency, the Yugoslav authorities this year were forced to boost foreign investment incentives, such as the new joint venture legislation.

It will enable foreign companies to repatriate profits, select their own management, and workforces, and disregard the much-vaunted principle of workers' self management.

Yugoslav officials admit that converting the centrally-planned economies of the republics and provinces to a more market-oriented system will be far from easy. The Republics and particularly their party organisations and

CONTENTS

- Banking: new independence Joint-venture changes to woo foreign investors 2
- Trade: anxiety over Single Europe: Comecon imbalance 3
- Agriculture: private potential 4
- Tourism: quality emphasis Map 4

communes on the local level will in future have to be held to the logic of the market and the rule of law. The party will undoubtedly lose its clout at the local level, where patronage, nepotism and a myriad of vested interests prevail over economic rationale. And the party will have to share the costs for years of economic mismanagement and "bureaucraticism."

Foreign investors who feel restricted by the local bureaucracies, must be enabled to challenge interference as well as repatriate profits. In the short term, Yugoslavia seems to be going through a breathing space. Exports to hard currency countries over the past ten months have risen by 15 per cent. Unexpectedly high growth in the West German economy has boosted imports of Yugoslav goods. The dinar, the Yugoslav currency continued to depreciate, although some economists believe it is now undervalued. Inflation running at 270 per cent, a squeeze on consumer spending caused by high tariffs on imported goods and wage controls have helped boost exports. Economists are unsure how long this trend will last.

But one thing they are sure about: however much the republics and the Federal government have had to compromise on some aspects of the reforms, they are now in place. As for their implementation, few economists dare predict the social and political consequences for Yugoslav society.

BSE Genex. Yugoslavia's global expertise - 40 years in the UK - 1948-1988.

BSE Genex Co., amongst the 300 largest companies in Great Britain

Trade. Finance. Compensation & Barter. Tourist Industry.

We are the UK subsidiary of Generalexport, the giant Yugoslav international trading company with a turnover of more than US \$6 billion, covering a wide range of diversified global activities. Worldwide we handle no less than 13 per cent of all Yugoslav exports.

In the UK we are responsible for more than 50 per cent of all Yugoslav exports to this country. In 1987 our turnover reached a record US \$700 million.

- Petroleum and derivatives
- Ferrous and non-ferrous metals
- Chemicals and plastics
- Machinery
- Civil engineering
- Cars
- Tyres
- All types of vessels
- Pharmaceuticals
- Telecommunications
- Livestock and meat
- Food and drink
- Textiles and clothing
- Leather
- Footwear
- Crystal and china
- Glassware and ceramics
- Paper products
- Furniture
- Sports equipment
- Consumer electronics

BSE GENEX CO LTD.

Heddon House, 149-151, Regent Street, London W1R 8HP
Tel: 01-734 7101 (9 lines) 01-734 8711/2/3
Telex: 28135, 24581 genex ion. Cables: GENEXLON.

Yugoslav expertise in global trading

There are 46,000 Yugo cars on British roads and more every year.



YUGO CARS

Zastava (GB) Ltd, Worcester House, Basingstoke Road, Reading RG2 0QB.
Tel: Reading (0734) 86921. Telex: 849784 YUGO GB G

We now handle more than 300,000 holidaymakers a year which makes us the 6th largest tour operator in the UK.

Yugotours

Yugotours Ltd, Chesham House, 150 Regent Street, London W1R 8BB. Tel: 01-734 7321.
Telex: 253543 YUGOTUR G
Cables: YUGOTOURS LONDON W1

Parent company:

Generalexport

International Trade Company
11070 Beograd, Yugoslavia, Narodnih Heroja 43. P.O. Box 636.
Tel: (011) 691-512, 694-012.
Telex: 11228, 11848 yu genex. Cables: Genex Beograd.

Ready for changes

We are looking forward to it

Yugoslav economic system is undergoing several changes including new banking legislation. This would certainly bring new business opportunities. Surely a challenge for commercial banks.

Third Yugoslav bank in asset terms
Nearly one quarter of country's international payments

421 offices nationwide
Wholly owned subsidiary LBS Bank-New York, major shareholders in Adria Bank, Vienna and in LHB Internationale Handelsbank, Frankfurt

19 representative offices on 5 continents
1,172 correspondents in 128 countries

Headquarters:

Ljubljanska banka-Associated Bank
Trg revolucije 2, P.O. Box 534,
61000 Ljubljana
Tel.: 61/215 511, Tx: 31256, Fax: 61/222 422

Representative Offices in main financial centers

Frankfurt Tel: 290051 Tx: 416810	London Tel: 6288848 Tx: 888394	Milan Tel: 864235 Tx: 320347	New York Tel: 7521243 Tx: 9931967	Paris Tel: 42251258 Tx: 4644863	Singapore Tel: 2252931 Tx: 33297
----------------------------------------	--------------------------------------	------------------------------------	-----------------------------------------	---------------------------------------	----------------------------------------



ljubljanška banka

METALKA is a commercial, production and service company with a broad network of branch offices and subsidiaries throughout Yugoslavia, Eastern and Western Europe as well as in the U.S.A.

As Yugoslavia's foremost enterprise of its kind, METALKA conducts most of its business with foreign partners in the area of metallurgy, non-ferrous metals, tools, machinery and equipment, products of metal processing industry and performs constructional, technological and information engineering. METALKA also represents over 40 foreign companies in Yugoslavia.

For more than 30 years, METALKA has been enjoying quite a high profile in the Soviet and Eastern European markets as well as gaining a reputation as a successful business partner and an "economic mediator" between East and West, and becoming actively involved in a very diverse economic palette ranging from raw materials to long-term co-operation in engineering.

metalka

Trgovsko in proizvodno podjetje
METALKA, n.s.o.l.a.
61000 Ljubljana
Dalmatinova 2
Telephone: (061) 311-155, 327-261
Telex: 31395 yu metal
Telegrams: metalka Ljubljana
Post Box: 01-202
Telefax: 328-242



YUGOSLAV TRADE AND INDUSTRY 3

Broadly balanced trade with the West is in sight, but there is...

COMECON TRADE

Anxiety over Single Europe

Imbalance fuels inflation

YUGOSLAV business may be reeling under the tight demand constraints imposed on the domestic economy by the current austerity programme...

in Brussels, may single out Yugoslavia for action on dumping. In the first 10 months of this year, seven such cases were instituted...

the domestic economy, this is unlikely to lead to a surge of imports in the short-term. Officially, Yugoslavia has no countertrade policy...

difficult. Yugoslav suppliers are not yet used to providing the kind of quality and reliability of delivery that Western markets require...

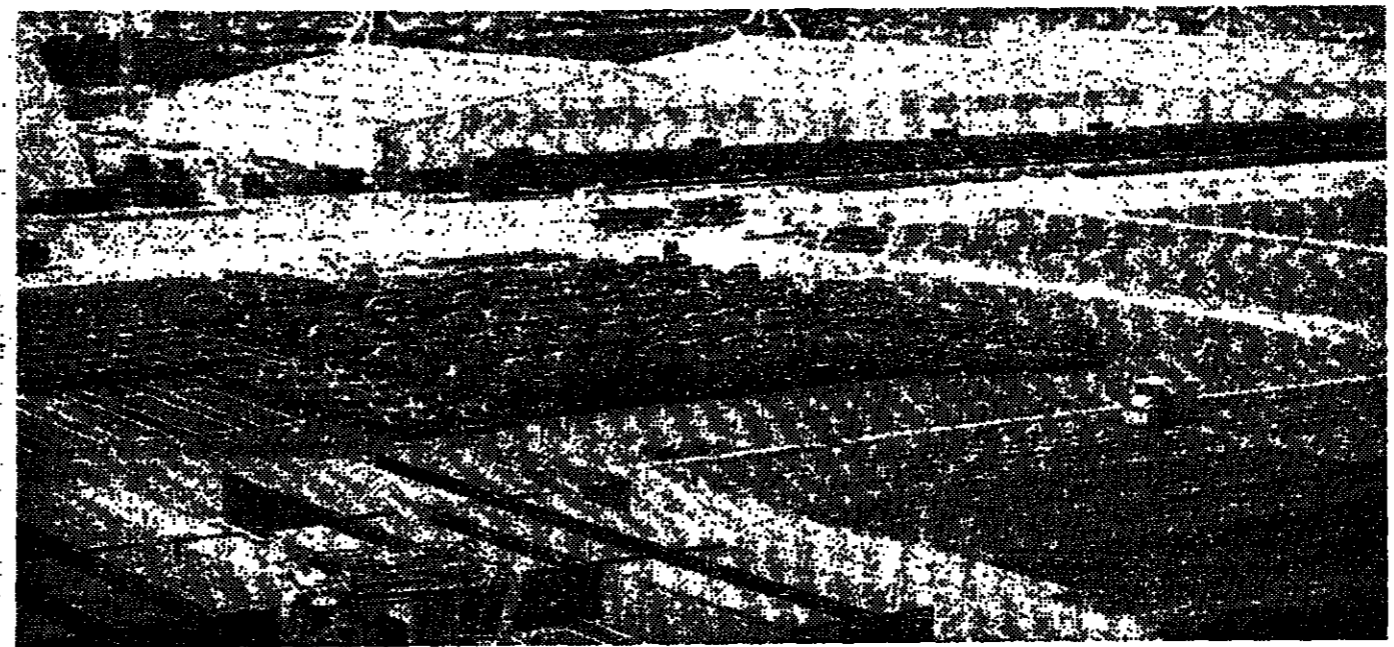
WHILE Yugoslavia's trade with the West has been going from strength to strength in the last couple of years, its business with Comecon countries is in the doldrums.

According to Mr Jovo Panajotovic, Federal Executive Council member responsible for trade with Comecon, this imbalance does not represent a decline in the actual volume of trade...

Trade with the other Eastern European countries - Bulgaria, Romania, Hungary and Poland - trade is settled in convertible currencies.

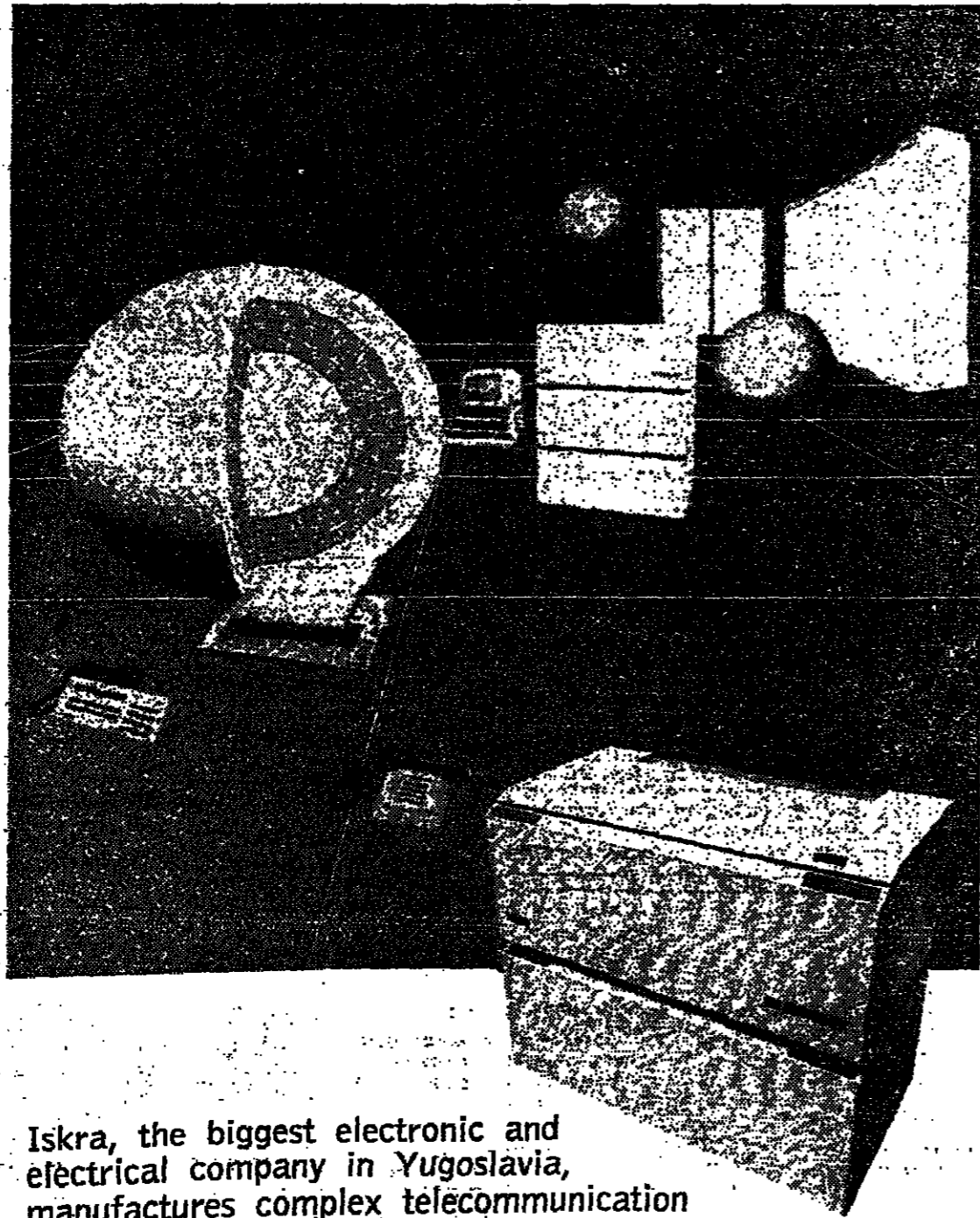
Yet the general shortage of foreign exchange in Eastern Europe has also affected Yugoslavia's trade with these countries...

Table with 2 columns: Year, and 2 rows of data for 1987 and 1988. Title: Yugoslavia Foreign Trade (\$bn)



Containers ready for business - which is currently more rewarding in the west than in the east

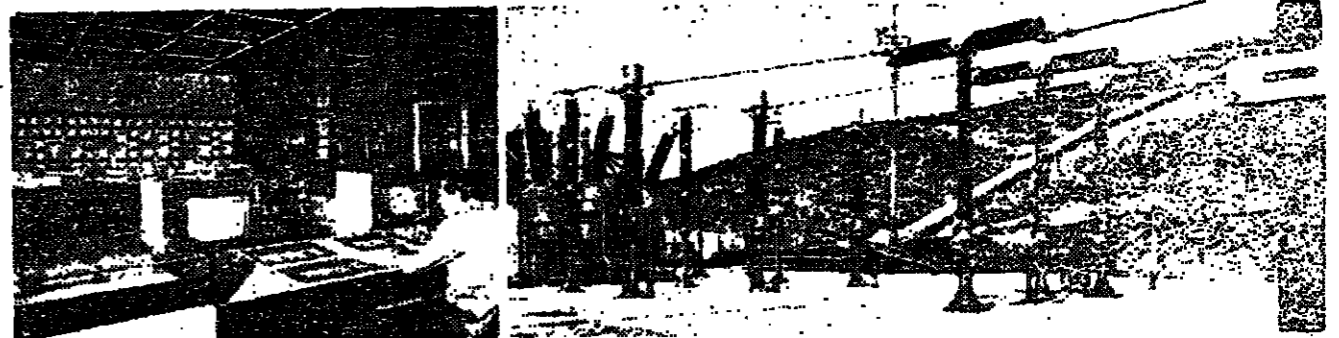
We shorten distances.



Iskra, the biggest electronic and electrical company in Yugoslavia, manufactures complex telecommunication systems, classical and digital telephone exchanges, voice and data transmission systems, telephone and data terminals, and computers.



Iskra, 61000 Ljubljana, Trg revolucije 3, Yugoslavia. Tel. int.: +38 61 213213. Telex: 31356 yu iskexp.



RADE KONČAR

is one of the leading Yugoslav exporters of electrical equipment 40% of its total sales is exported to 70 countries throughout the world.

The main activities of RADE KONČAR:

- design and construction of projects and plants and production of equipment for the power supply, transport, civil engineering and other industries at home and abroad including complete consulting and execution of investment works.
● production and sales of series products and devices of capital and consumer goods expenditure at home and abroad.



Switch to a better life

RADE KONČAR - Electrical Industries, Products, Equipment, Plants - Zagreb - Yugoslavia

Branches listed in various countries including Germany, France, Italy, USSR, Czechoslovakia, Poland, and others.

FT LAW REPORTS

First estate agent's sale sign is deemed legal

PORTER v HONEY
House of Lords (Lord Keith of Kinkel, Lord Elwyn-Jones, Lord Brandon of Oakbrook, Lord Griffiths and Lord Goff of Chieveley): December 1 1988

AN ESTATE agent who erects the first and only "for sale" sign on a property is deemed to do so with local authority consent; and such deemed consent remains effective despite the subsequent unlawful erection of more signs with or without the original agent's knowledge.

The House of Lords so held when allowing an appeal by Mr AH Porter, a partner in the firm of Whitman Porter, estate agents, from the Divisional Court's decision that he was properly convicted by magistrates of the offence of displaying a sale board without local authority consent.

LORD GRIFFITHS said that Mr Porter was an estate agent who displayed a "for sale" board outside two properties in Richmond. In the case of each property those boards were the first to be displayed.

Each property-owner then instructed a second estate agent. Those two agents erected their own boards on the properties without Mr Porter's knowledge or consent.

On February 23 1987 the local authority laid information relating to each house against Mr Porter and against the other two agents, charging the offence of displaying an

advertisement without local authority consent.

The other agents pleaded guilty. Mr Porter pleaded not guilty, but was found guilty by the magistrates. They imposed the same £200 fine in respect of each information as they did on the other two agents.

Mr Porter's appeal to the Divisional Court was dismissed (1988] 2 All ER 449).

On the present appeal Mr Porter argued that a first board erected with "deemed" consent continued to enjoy that consent, even after the erection of a second board erected without deemed consent.

That argument was not presented to the Divisional Court.

By section 63 of the Town and Country Planning Act 1971 the Secretary of State had power to make regulations "for restricting or regulating the display of advertisements".

The offence of which Mr Porter was convicted was created by section 109(2) of the Town and Country Planning Act 1971, which provided that if any person displayed an advertisement in contravention of the regulations made under section 63 he "shall be guilty of an offence". Section 109(3) provided that he was not guilty if he proved that the advertisement was displayed "without his knowledge or consent".

The problem lay in the Town and Country Planning (Control of Advertisements) Regulations 1984 (SI 1984 No 421).

Regulation 6 provided that

no advertisement might be displayed without express local authority or Secretary of State consent, or consent "deemed" to be granted.

Paragraph (2) provided that "consent shall be deemed to be granted . . . in accordance with any provisions of these regulations whereby advertisements of that description may be displayed without express consent". No express consent was sought or given. The question was whether consent was to be "deemed" to have been granted.

Regulation 14 specified the classes of advertisements which might be displayed without express consent. Class III, headed "certain advertisements of a temporary nature" included in paragraph (a) "advertisements relating to the sale . . . of the land on which they are displayed; limited in respect of each such sale . . . to one advertisement consisting of a board . . ."

Paragraph (b) provided that "if an advertisement was displayed on his land 'without his knowledge or consent' (see section 109(3)). It would therefore seem unlikely that Parliament would have intended to create an offence of strict liability in relation to advertisements without giving an opportunity to the advertiser to escape liability by proving he was blameless - but such was the effect of the regulations as they had so far

been construed.

The difficulty in construction was created by the fact that in regulation 14, Class III(a), limited the deemed consent in respect of each sale or letting to one advertisement.

The local authority argued that if there were two advertisements in respect of the same sale, there was no deemed consent in respect of either of them.

The regulations only made sense and did justice if they were read as continuing the deemed consent for the display of the first board, despite the unlawful display of subsequent boards. Therefore, as a matter of necessary construction, Class III (a) would read as if it contained the italicised words: "Advertisements relating to the sale . . . of the land on which they are displayed; limited in respect of each such sale . . . to one advertisement that being the first advertisement displayed when more than one is displayed consisting of a board . . ."

In the vast majorities of cases it would be possible to establish which board was erected first by a simple enquiry from the property owners, the agent or the records of the company that erected the boards.

The local authority placed reliance on the wording of Class III(a) contained in the Town and Country Planning (Control of Advertisements) (Amend-

ment No 2) Regulations 1987, which came into force on October 23 1988.

The new definition of Class III(a) now included in paragraph (i) an advertisement relating to the sale of the land on which it was displayed, consisting of a single board, "(ii) . . . Provided that nothing in paragraph (i) . . . shall permit more than one advertisement to be displayed at any one time . . ."

The local authority submitted that whatever view might be taken of the 1984 Regulations, the amended Regulations now made it plain that permission was limited to one advertisement, and therefore a deemed permission for the first advertisement could not survive once a second advertisement was displayed.

From that it was argued that Parliament had now made it plain that it was prepared in the interests of enforcing the legislation to impose a harsh and possibly unjust result on the first advertiser, and the 1984 Regulations should therefore be construed to produce the same result.

That construction of the 1987 Regulations was not accepted. The explanatory note to the amendment indicated that it was introduced to scotch an argument that the regulations permitted each advertiser to have one board rather than limiting permission to one board for each sale or letting. It was now clear that the

deemed consent was limited to one board at any time.

The amended Regulations were read as subject to a similar implication, so that the first advertisement attracted the deemed consent and was not lost by the unlawful erection of subsequent sale boards.

The courts should be slow to impute to Parliament so harsh an intention as to impose criminal liability on a citizen acting lawfully because another citizen, over whom he had no control, acted unlawfully.

Delegated legislation did not receive the scrutiny of primary legislation. If in the interests of administrative convenience such an apparently unjust rule was to be introduced, it should be in the clearest possible language so that the purpose of the legislation could be readily recognised, and the need for such a measure could be considered before it was approved.

In the absence of such clear language it was not possible to impute to the Secretary of State or Parliament the intention that an estate agent in Mr Porter's position should be guilty of a criminal offence.

The appeal was allowed. Their Lordships agreed.

For Mr Porter: Frederic Eynolds QC and TE Bergin (Counsel, Richmond).

For the local authority: David Lamming (Borough Solicitor).

Rachel Davies

Barrister

FINANCIAL SERVICES BUDGET ACCOUNT

Notice is hereby given that with effect from 13th December 1988 the interest charged on AA Budget Accounts will be 2.40% per month APR 32.9%.

The Creditor under the AA Budget Account Scheme is the Bank of Scotland, N.W.S. House, City Road, Chester X, CH99 3AN

To the holders of Warrants issued by Dresdner Bank AG in connection with Bonds of Dresdner Bank AG, Frankfurt am Main, and Dresdner Finance B.V., Amsterdam

Dresdner Bank has increased in November 1988 its share capital by issuing new shares granting a preemptive right to its shareholders. As a consequence of this capital increase the Subscription Prices for 1-the shares of DM 50 per share of Dresdner Bank AG (in consideration of the capital increase from retained earnings of May 1987) to be issued upon exercise of the Subscription Rights represented by the Warrants originally attached to the Bonds mentioned hereafter shall be reduced as from December 6, 1988 (effective date) in accordance with Section 7 of the respective Conditions of Warrants.

6.5 p. c. Deutsche Mark Bearer Bonds with Warrants of 1986/96 issued by Dresdner Bank AG, Frankfurt am Main; reduction of the Subscription Price to DM 377

5 p. c. Deutsche Mark Bearer Bonds with Warrants of 1986/91 and US-Dollar Floating Rate Notes with Warrants of 1986/91 issued by Dresdner Finance B.V., Amsterdam; reduction of the Subscription Price to DM 407

We furthermore notify that the Subscription Price for the exercise of the Subscription Rights represented by the Warrants originally attached to the Bonds mentioned hereafter and issued by Dresdner Finance B.V., Amsterdam, according to Section 7 of the respective Conditions of Warrants shall not be reduced.

4 p. c. Deutsche Mark Bearer Bonds with Warrants of 1983/90 US-Dollar Floating Rate Notes with Warrants of 1983/93 8 p. c. Deutsche Mark Bearer Bonds with Warrants of 1984/92 and US-Dollar Floating Rate Notes with Warrants of 1984/92

Frankfurt am Main, December 1988

Dresdner Bank

AG/Finanzgesellschaft



LUF 300,000,000 PRIVATE PLACEMENT

Arranged and supported by PKBANKEN INTERNATIONAL (LUXEMBOURG) S.A.

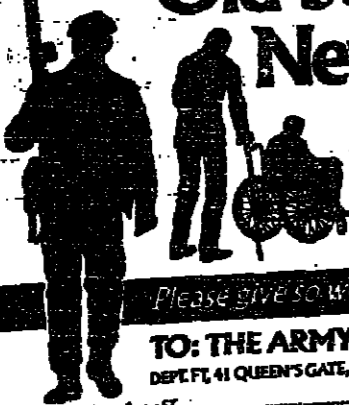
Lead manager KREDIETRANK S.A. LUXEMBOURGEOISE

Managers BANQUE GENERALE DU LUXEMBOURG S.A. BANQUE INTERNATIONALE A LUXEMBOURG S.A. BANQUE PARIBAS (LUXEMBOURG) S.A. BANQUE UCI S.A. BERGEN BANK INTERNATIONAL S.A. CREDIT EUROPEEN S.A. CHRISTIANIA BANK LUXEMBOURG S.A. PKBANKEN INTERNATIONAL (LUXEMBOURG) S.A.

Principal paying agent KREDIETRANK S.A. LUXEMBOURGEOISE

October 1988

'Old Soldiers Never Die..'



but as they 'fade away' they so often need our help

Please give so we can give to them TO: THE ARMY BENEVOLENT FUND DEPT. FT, 41 QUEEN'S GATE, LONDON SW7 5HR

I enclose a donation of £ _____ or charge my Access/Visa Card No: _____ Expiry date of card: _____
 I am going to donate through the Royal Caring Scheme. Please send me your booklet "Benevolence in Action"
 Signature: _____ Name: _____
 Address: _____

The GLENFIDDICH guide TO THE SEVEN DEADLY SINS.



ENVY.

GLENFIDDICH Pure Malt.

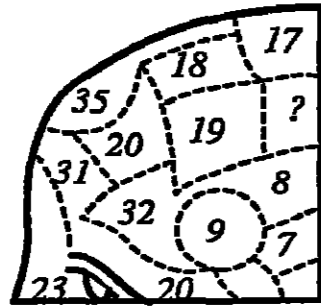
TECHNOLOGY

Top company information

INFORMATION about Europe's top 25,000 companies will be available in January on CD-ROM (Compact Disc read only memory) from Clarinet Business Publishing (CBP) of Camberley in the UK. Data will be supplied for an annual subscription of £16,000 which includes a personal computer with built-in CD-ROM drive and a monthly updated disc. The product is the result of an agreement between Clarinet, Exel Financial, and ICC Information Group, both of London. CBP, a major European optical disc software house, will first combine the Exel financial information on 4,000 top public companies with the ICC data on the top 21,000 private companies. Historical data, market research reports and City analytical reports will be added at a later stage. CBP specialises in compressing business and financial data electronically on to CD-ROM discs and providing high speed retrieval software that will integrate information from sources such as Exel and ICC.

Credit-card size medical records

DREXLER TECHNOLOGY, the Californian laser recording card company, has scored its first success in the UK with a trial conducted by British Telecom at an unnamed London hospital. The cards, on which data is recorded optically in rows and columns as opposed to the circles of the more familiar optical disc, are about the size of a credit card. But they can hold up to 800 pages of text, or eight digitally recorded frames of a TV picture. They allow personal medical information to be carried by the patient in top pocket or handbag so that doctors can make a rapid and accurate assessment.



WORTH WATCHING

Edited by Geoffrey Charlish

Other medical trials were recently started at the Baylor Medical School in Houston, Texas, and also in Sardinia by Olivetti, the Italian electronics group. The Swiss pharmaceuticals body, Otag, is arranging similar tests in France, Switzerland and The Netherlands.

The unnamed London hospital is conducting a controlled trial of about 100 pregnant women, who will bring their card each time they visit the antenatal clinic. The doctor or midwife simply plugs the card into a reader and reads the woman's records on a personal computer screen. Any new information can be added to that on the card via the keyboard. The card, which is not erasable, will be compared with conventional paper records.

British Telecom have called the Drexler LaserCard the RecallCard. BT is one of 28 Drexler licensees, which include most major Japanese electronics companies and many in the US and Europe. The reader in use in the London trial is made by Nippon Conlux, a subsidiary of Nippon Electric Company (NEC). Readers are also available from Olympus Optical and Omron, both of Japan.

The wrist-watch paging system

AMERICAN Telephone and Electronics Corporation (AT&E) of San Francisco, which has been working with Plessey in the UK and Seiko of Japan says it has completed a working model of its "Receptor" — a combined wrist-watch and paging unit. Plessey has developed a complete frequency-agile radio on a chip for the project.

This pager-watch is part of the company's plan to introduce a paging system that would allow the Receptor to be used anywhere in the world. Paging signals will be sent from existing broadcast transmitters. AT&E says it is now completing the network in the US and is "working with other entities in other countries."

A caller will use any telephone to connect with the nearest computerised clearing house and leave a message. The clearing house will contact the appropriate transmitters to send out paging signals (at the same time as the broadcast programs). The called party's Receptor will then show a short message ("call the office" for example).

Another feature is that each Receptor has precise moments at which it can receive, and remains synchronised with "time slots" in the transmitters. Each Receptor's slot repeats at intervals and it switches itself on at precisely the right time, receives any message addressed to it, and switches off. Since it is consuming power for such short periods, its tiny watch battery will last for up to three years. The company says the system can accommodate over 2bn Receivers.

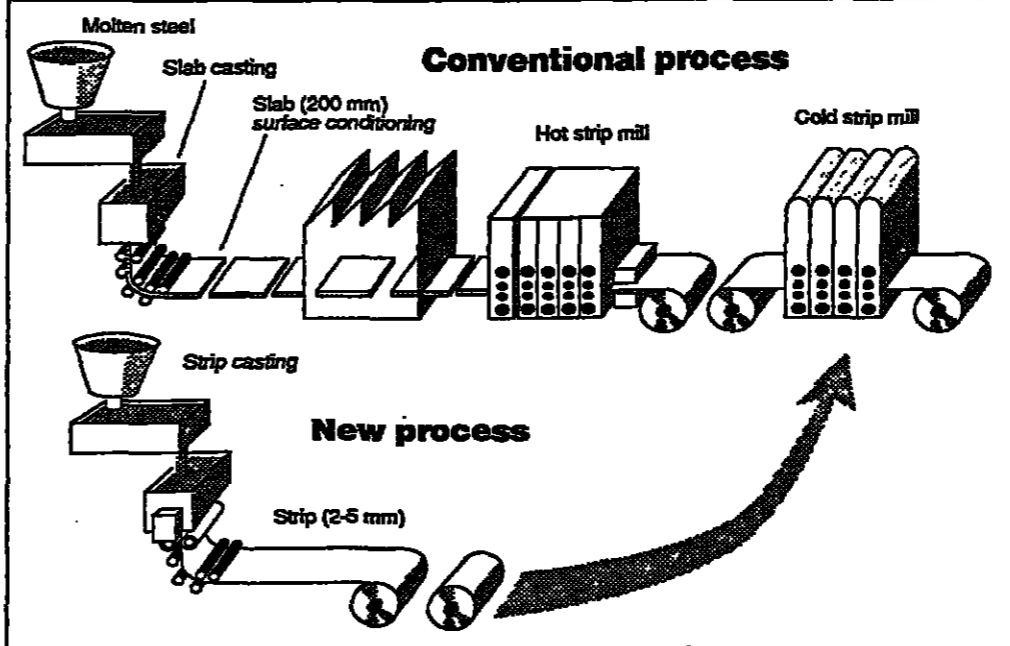
CONTACTS: Clarinet UK, 0278 690288. Drexler US, (415) 988 7277; UK, 021 643 3242. AT&E US, (415) 433 0430.

The new age of steel production

British Steel, the shares of which were traded for the first time yesterday, is possibly the lowest-cost steel maker in the world — but it is not the most efficient.

In advancing the technology of steel-making and operating plant with minimum manning levels, it is Japan, followed by South Korea, which lead the world.

Here ROY GARNER looks at the changes which are being made in the Japanese steel industry.



Japanese steelmakers are continuing to emphasise technological improvement as the route to consolidating the remarkable recovery in their industry. During the past year, the big five integrated producers all turned in a profit, after suffering combined operating losses of ¥468bn (£2.1bn) in the year to March 1987.

Throughout the Japanese steel industry, manufacturers' primary goal is the streamlining and refining of steel-making processes. Hand-in-hand with this goes the development of ever closer co-operative links with their customers as demand grows for high-quality, customised steel products and items produced in small batches. This is especially true of car makers, which are among the steel industry's biggest customers.

Increased technological sophistication and production flexibility are also regarded as ways in which to combat the challenge from rapidly modernising steel makers in the newly industrialised countries.

Takuo Kohno, of Nippon Steel Corporation's (NSC) central research and development bureau, says that over the past five years particular progress has been seen in the introduction of:

- Continuous casting/direct rolling (CCDR). Steel has traditionally been cooled and then re-heated between the casting and rolling stages; CCDR cuts out this step.
- Continuous annealing and pickling lines (CAFL). Annealing is the heat treatment that tempers or toughens the steel and pickling is an acid bath method of removing surface scale to give a smooth finish.

- Cold tandem milling for rolling and shaping. This too is a continuous process. It includes up to half a dozen rollers operating in tandem, whereas in the past there was one large rolling device and the sheet steel was moved backwards and forwards. Cold tandem milling can be combined with CAFL.

Annealing used to involve the heating and controlled cooling of batches of steel coil in a process which took over a week and consumed huge amounts of energy. Now, steel in strip form can be fully processed in a few hours on the way to coiling.

NSC attributes the successful introduction of CCDR to technologies which facilitate high-speed, defect-free casting, optimise the cooling pattern, improve heat retention and enable schedule-free rolling whereby sheets can be rolled to different thicknesses on the same line. "By improvements in these areas, we have cut the length of the production process, reduced the workforce and lowered overall energy consumption," says Kohno.

He acknowledges, however, that the business upturn has made it easier to introduce these modernisations. "R&D funds are more readily available when business is good. It is easier to add technology to new plants at a time of production expansion."

"When plant is shrinking in size this is difficult. I'm very impressed by the British Steel Corporation which seemed to manage both at the same time," he adds.

In the Japanese steel industry as a whole, NSC estimates that energy savings of about 1m kilocalories/ton of steel have been achieved over the past decade, but a considerable reduction is still being sought on the present average of 4m kcal of energy needed to produce one ton of steel.

Linking the many different processes involved in steel-making is also seen as the way forward at Kobe Steel, another

of Japan's leading steel companies. The proportion of steel production which is part of the continuous casting process has now reached 82.3 per cent. This figure, called the continuous casting (CC) ratio, is up from an average of 77.8 per cent one year ago. A CC ratio of more than 90 per cent is the target within the next five years.

Yamato Ishizaki, of Kobe Steel's steel sheet technology department, says that improvements in steel quality are now being sought using the following new techniques:

- Electro-magnetic stirring. At the slab-casting stage, electro-magnetic force is used to agitate the steel. This helps to eliminate the grouping of impurities, such as carbon phosphate, during moulding and solidification and improves the steel's bloom surface and internal qualities.

- De-gassing. This involves a vacuum process to eliminate non-metallic content and harmful gases from the molten steel.
- Ladle refining. The chemical composition of the molten steel is adjusted while it is in the ladle. This also lowers the oxygen content of the molten steel.

- Hot-rolling crown/shape control mill. This mill features sliding rollers which control the overall cross-section of hot-rolled steel sheets, ensuring that customer requirements on thickness and shape are accurately met.
- Edge-heating (of rough bars). Here an induction heater is used to counter the tendency of steel sheet to lose heat most quickly at its edges, allowing grain size differences to develop.

Ishizaki says that the special requirements of the car industry have strongly influenced the company's modernisation effort. "Car makers do a lot of steel working, so malleability is important. Hot-rolled, thin-gauge steel is much in demand. It is used, for example, in car chassis and conduit pipes. Our minimum steel gauge, on a commercial basis, has now

been reduced from 1.8 mm to 1.3 mm in response to this requirement."

Ichiro Iwami, manager of Kobe Steel's steel wire rod technology department, agrees that much of the company's success is linked to its close ties with customers. "Our competitive edge is achieved by meeting the specialised requirements of our customers. The trend is now towards the value-added end of the market."

An important part of this co-operation comes in the form of joint research projects, primarily involving information exchange between steel companies and car manufacturers.

One of the most important products arising from this direct co-operation is customised steel sheeting. Using new electro-galvanising (coating with zinc by electrolysis), hot-dipped galvanising and laser treatment techniques, sheet steel for specialised applications is produced. These can feature high levels of resistance to corrosion, oil or impact; the ability to absorb vibration; and smoothness.

An example of these new products is Kobe's Damplay composite steel sheet. This is designed to absorb shock or vibration through a sandwich of adhesive resin between two metal sheets. It is also highly ductile and has a strength of 100 kg per sq mm. Heavy demand for Damplay has come from industrial machinery, electronics and automobile makers. In April 1988, Kobe brought a 1000 ton/month capacity Damplay line into operation at a cost of about ¥600m.

Despite the promising outlook in steel, the industry is also investing in entirely new areas of business to further guarantee future stability.

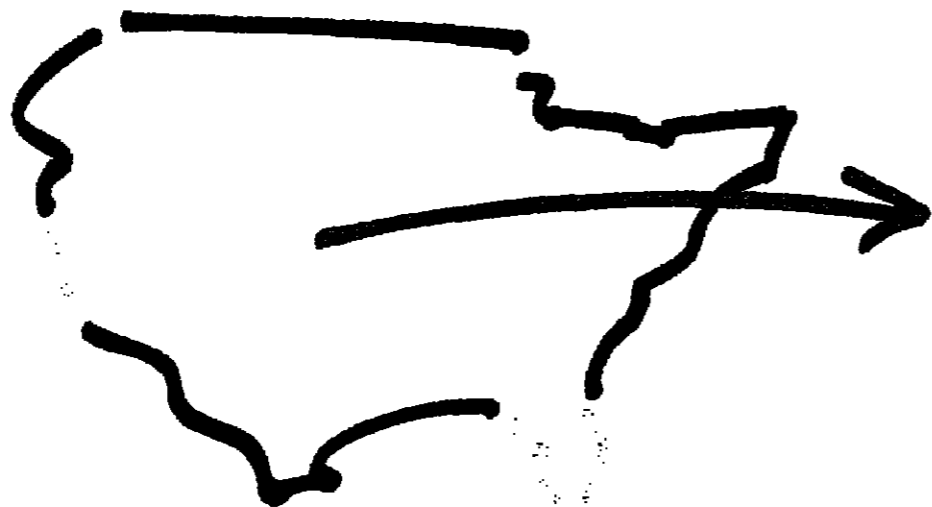
At NSC, about 30 per cent of R&D spending is being channelled into non-steel areas. And whereas 700 of NSC's 1,000 researchers are now working on steel technologies, this figure will fall to 550 out of the 1,000 by 1990. But Kohno insists that the commitment to improving steel-making will continue.

"The ratio of steel R&D expenditure is diminishing, but we are being very cautious to ensure that we remain competitive with the steel firms."

Looking to the future, Kohno predicts that Japan will continue to face disadvantages compared with its competitors in terms of labour, land and plant costs.

In response he expects the country to advance into new steel-making techniques. These would probably include the introduction of smelting reduction processes (which use iron pellets for steel making, so obviating the need for a blast furnace), strip casting (cutting out the process of making slab) and reocasting (casting molten steel in a semi-plastic state). All of these would allow an even greater degree of control over steel product quality.

Now you can call anywhere in the world on any phone in the USA.



No cash. No mark-up*. No problem.



Executive TeleCard International™

1 23 456 890 0000

A. R. SEETH

Unlike other telephone credit cards, Executive TeleCard International can be used on any phone. Touch phones. Rotary phones. Pay phones. You name it.

And whether the phone is in your hotel room, around the street corner or at airports, Executive TeleCard International keeps you in touch with the world.

No cash. No mark-up*. And no problem. It's so user friendly that the calls can be billed in your currency. To you directly or to your credit card. With a choice of billing details.

How does Executive TeleCard International work?

It's easy. Call the Executive TeleCard International number in the US. Once you're connected, dial long distance as you would normally do, then your personal Executive TeleCard International code. This is your protection that no call can be made without your authorization.

Executive TeleCard International is yours for only US\$ 50 per year. It's a small price to pay for big savings. In money and time, not to mention convenience.

For further information and subscription, call the toll-free number in your country. Can you afford not to?



Feel free to call™.

Executive TeleCard S.A. - Rue de la Montagne 14 - 1260 Nyon - Switzerland - Tel.: +4122/617171 - Telex: 419906 gp ch - Telefax: +4122/610227

Australia 080033416. Hong Kong (2) 282876. Japan (03) 3484588. Singapore 2380800. U.S.A. 1-800-999-8002. Austria (01) 541186. Belgium (02) 218343. Cyprus (02) 447800. Denmark 04300008. Finland (90) 440800. France 05 050800. Germany 01305623. Ireland (01) 724175. Italy (06) 6780192. Luxembourg 484558. Netherlands 0602220800. Norway (02) 416115. Portugal (01) 983086. Spain (91) 3022282 or (91) 4026131. Sweden (08) 217727. Switzerland 046 050800. U.K. 0800998333. Bahrain 234241. Oman 750800. U.A.E. (04) 214866.

*Calls placed from hotel rooms are not subject to hotel-imposed long-distance surcharges, but are billed by the hotel as any other local call. Subscription fee does not include any call charges.

"LEGAL MUGGING" SENDS CITY REELING

BY DAVID RAO OUR CITY CORRESPONDENT



The financial market has been plunged into chaos following a vicious takeover battle.

Both Cadbury and Philips have been snatched from the helpless Morris Denton frivolous tycoon and furious MP (Vegetarian Diner Party).

At 3.30pm the attack started when Vanessa Winter-Jones (John Craven for President Party) made a hostile bid for Cadbury. "Wake up Denton!" warned Timothy Gorb former teacher and now MP (Invite Red Ken to your Party). "If you want to survive you've got to stay one step ahead of these students of Thatcherism."

Denton's vulnerable position was a red flag to other bullish marketeers.

Fundists struggled in the stampede to prise Philips away from Denton.

"Why is everyone stripping my assets?" he wailed while nervously consuming another stuffed tomato as is his habit.

"I warned you these people are after just one thing — success," informed Gorb the somewhat left of centre anarchist who now makes up the one Government opposition.

Insider dealers believe it was Denton's last plea to the Prime Minister that caused his final downfall. "I only

want to see fair play and a fair share for all, not legal mugging."

This prompted PM Walter "Bruiser" Goughly to joyfully raise Denton's taxes to an unprecedented level and successfully takeover Philips.

As Denton's SOS was heard above the uproar "Bruiser" remarked "Crisis? What crisis? I've never had it so good!"

Certainly the players find their business and political talents pushed to the limits. After all, the game Poleconomy is definitely not for the meek.



POLECONOMY THE GAME OF THE UNITED KINGDOM

Innovation

STONEHENGE AND THE SPACE TELESCOPE

Over 4,100 years ago a Neolithic people built a remarkable monument on the Salisbury Plain in what is now southern England. As an engineering feat alone, Stonehenge stands as one of the wonders of the world. But a recent discovery has revealed that it served not only as a temple, but as an astronomical computer.

We know very little about the life of the people who built Stonehenge. But one thing that has become increasingly evident is that they were far more sophisticated than was previously believed. Even though they worked only with Stone Age technology, they built a monument which apparently acted as an astronomical clock. With Stonehenge they could predict eclipses, the exact days of the solstices, the long-term cycles of the moon and sun, and other important heavenly events. They could begin to understand that the universe had order and how it worked. The need to understand the workings of the

universe is very ancient in man. One might even say that it is instinctual, that it is part of what makes us human.

A leap of forty-one centuries and we find ourselves still confronted with the same questions that drove the prehistoric Britons to build Stonehenge. How does the universe work? How did it begin? Will it ever end?

The Hubble Space Telescope will help us solve these primeval mysteries. Once in Earth orbit, the telescope will be able to detect objects as far as fourteen billion light-years away, which is to see fourteen billion years into the past; past the birth of the Earth; past the birth of our galaxy; to the very beginning of time.

The Space Telescope represents a momentous leap in the history of mankind. The builders of Stonehenge must have felt themselves on the verge of the same kind of moment as they discovered that creation actually had order. Within our own grasp is a view of the creation itself.



EAST
Rail

MANAGEMENT: Small Business

Secondment

Getting a feel for the complete process

Charles Batchelor on civil servants in small business

Ask most small businessmen how they like to conduct their dealings with government and the answer is likely to be "as infrequently as possible..."



Frank Coaker (right): brought invaluable skills to Tony Budd's company

patent they are."

Andrea Molyneux, who manages a £4.5m training budget for the Training Agency in Bolton, says secondment taught her that many of the problems of small manufacturing businesses are similar to those of a clerical organisation like the agency.

Molyneux was assigned to Fothergill Engineered Fabrics, a £13m turnover subsidiary of the Courtauld textiles group, to advise on how it could improve communication with its 250-strong workforce spread over three factory sites on the outskirts of Rochdale, Lancashire.

"It had taken the management a long time to realise that the staff might be interested in what happened to their products after they had left the factory," says Molyneux.

As a result of her recommendations the Fothergill management introduced a system of notice boards for keeping staff informed and arranged trips to customers' factories so they could see what became of the high-tech fabrics they were producing.

Many companies might have called in a consultant to solve a problem like this but Alan Lawson, Fothergill's manufac-

turing and technical director, says Molyneux brought a fresh approach because she did not have an industrial or consultancy background.

"Consultants give you professional answers when often what you require in industry are people solutions," he adds.

Civil service secondees not only bring a variety of management skills which are often in very short supply in the smaller company - they can also plug the small business into government support schemes for which they may be eligible and even, occasionally, borrow equipment which is not available in the organisation to which they have been seconded.

Most secondees welcome the freedom they have to take their own decisions within a smaller organisation. George Brash, a Department of Employment seconded to Project North East, a Newcastle-upon-Tyne-based enterprise agency, says: "You decide yourself what should be done. That is a unique experience for a civil servant."

But not all civil servants adapt painlessly to working in a small organisation with only limited resources. One enterprise agency manager recalls a seconded who was on the verge of spending a sizeable sum of money on the grounds that it was in the budget. He was

stopped just in time and told that, unlike the civil service, the agency did not have to return funds it had not managed to spend.

At INDAB Management Services Tony Budd says the one area where Frank Coaker did have to adapt was in realising that his and the company's time were money. Coaker had to learn to estimate how long a project would take and negotiate the fee with the client.

Essential for the success of a secondment is a clear programme of what has to be achieved. Warren Andy Powell, head of secondment programmes at the Action Resource Centre, which runs business and community programmes. It must be discussed in advance by the seconding organisation, the seconded and the business to which he or she is to be assigned. Done well, secondment can benefit all three, he says.

"There is a stereotyped image of the civil servant which a secondment can help overcome," says Frank Coaker. Government systems are actually very well tested, he feels, "whereas companies are often badly run because their systems don't work well."

Growing faster with maturity

Charles Batchelor examines the high-flyers

The popular image of the fast growing company is of a young concern engaged in the high technology area. In fact, however, these preconceptions are incorrect, according to David Birch, the US academic and small business consultant.

The fastest growing companies - measured in terms of numbers of new jobs created - are more likely to be well-established and in the field of general purpose, low-tech manufacturing, Birch writes in Inc, a US monthly magazine for growing companies. It is these companies which grow by taking on new management, developing new products or taking advantage of changes in their market place.

Among companies four years old or less nearly 10 per cent grew rapidly but fast growers among companies which had been established for between five and 30 years represented only around 5 or 6 per cent. Only when companies pass their fortieth birthday does the percentage of fast growers start to rise again.

Between 40 and 49 years 6.5 per cent are rapid growers, rising to 9.4 per cent of those aged 50-75 years and 12.1 per cent of those of 75 or more.

This concentration of rapid growth among older companies is not, as one might suspect, due to the fact that they have

In brief...

A seven-day business enterprise programme of training for self-employment and running a small business will be held in Colchester, Essex, starting on December 12. The programme, which is free, comprises one one-day and three two-day sessions spread over five weeks.

Contact Business + Commerce + Industry Fellowship, Lawley House, Butt Road, Colchester CO3 3DG. Tel 0206 361700.

A two-day workshop on Time Stress and Crisis Management for small business owner/managers will be held on Monday and Tuesday 23 to 24 January by the London Enterprise Agency. The workshop includes practical exercises on the causes and meanings of stress and group participation using individuals' worksheets. It costs £70.

Contact LEA, 4 Snow Hill, London EC1A 2BS. Tel 01 236 300.

The politician who has done most to help small businesses is to be honoured under a new award scheme announced by the National Federation of Self Employed and Small Businesses and Toit & Harvey, a stationery company. The "Guthrie" Helping Hand Awards will also go to the individual or organisation which has done most to help small firms.

National Federation, 140 Lower Marsh Street, London SE1 7AE. Tel 01 928 5272.

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Cash Flow Eased at Reasonable Rates

If your company has sums of money tied up in good quality debtors you can turn them into immediate cash using either bills of exchange or an invoice discounting facility at rates of interest that may be less than your bank is currently charging you.

CL-Alexanders Discount p.l.c. established in 1810, one of the members of the London Discount Market Association, have for many years specialised in trade finance.

For further information please write or phone:

CL-Alexanders Discount plc. 65 Cornhill London EC3V 3PP. Tel 01-526 5467

Foulmer House, Foulmer Street, Manchester M1 4DY. Tel 061-236 9563

SUCCESSFUL BUSINESSMAN

Recently sold own business for substantial sum, has funds and time for involvement in any of the following:

- 1) Investing time and money in new or established business.
2) Consultancy
3) Proposals from other persons in similar position.

I have many years experience in the manufacture and sales/marketing of consumer products to all major UK retail outlets, and throughout Western Europe.

Replies in strictest confidence to Box F8547, Financial Times, 10 Cannon Street, London EC4A 3DF. PREVIOUS RESPONDENTS PLEASE RE-APPLY

IN THE STRICTEST CONFIDENCE

PACKAGING We are now able to offer a personal and confidential consultancy service for all aspects of the corrugated industry. From the through Europe we undertake work for fully integrated corrugator plants or domestic independent sheet plants. For that major decision or project contact:

BILL THOMPSON WCT ASSOCIATES LTD 89 NEWMARKET ROAD, NORWICH, NORFOLK, NR2 2XK, ENGLAND. Tel (0603) 250782 Fax (0603) 250759

MADRID OFFICE BUILDINGS INVESTMENT REPORT

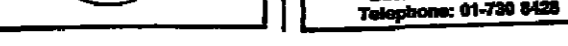
Details of demand, prices, rentals, availability, rental contracts, commercial set-up, trends and latest developments.

Further details contact: INTERNATIONAL ADVISORY GROUP S.A. c/o Jackson Benavente 3-1 Miraflores (Madrid) SPAIN 28001. Tel: 052-521712 Telex: 7642 IAGSA E Fax: 052-525382

COMMERCIAL FINANCE

Competitive Rates 10.5% Fixed Interest Mortgage Business Finance to 80% of cost Asset-based Finance Concessions Finance to 100%

SOVEREIGN INSURANCE CONSULTANTS (LONDON) LTD Tel 01-379 4522 Fax 01-379 4153



FINANCE YOUR STOCK

We offer a unique stock finance facility to manufacturers and merchants and are seeking to expand our client base.

If you require stock finance please apply in writing to: Churchill Merchants Limited, 158 Buckingham Palace Road, LONDON SW1W 9SA. Telephone: 01-730 8528

HOTEL MANAGEMENT ASSIGNMENTS UNDERTAKEN

For projects of sufficient size, we will provide full operational and commercial Management either short-term (for non-boolean third parties with a holding situation need) or on a continuing contractual basis for developers or building owners and others. Limited directorship disposal effected if required. We will also Lease or consider Lease-back.

We are a small very experienced hotel management company with sound corporate, marketing and operational skills and able to offer first class financial and performance references. Members of the Board cover operations, UK and foreign group and individual marketing links, financial management and control.

The Company also operates as principal in the hotel industry and potential clients would be welcome to make their assessment at first hand by personal visit should they wish. Strict confidentiality will be maintained. Please contact:

The Managing Director Carravon Hotels Limited Head Office Carravon Hotel, London W5 3EN Telephone: 01-992-5399 Telex: 935114 Fax 992-7882

ESTABLISHED STORAGE BUSINESS SEEKING NEW OPPORTUNITIES

Good quality warehouses located in Worcestershire, Northamptonshire and South Humberside with a total area of 280,000 square feet.

We have good stock control systems and staff who are keen to give excellent customer service.

If you have need for large scale warehousing dedicated to your own products then please contact: Box F8586, Financial Times, 10 Cannon Street, London EC4A 4BY

WE WILL FIND YOU MORE BUSINESS

We are a marketing/promotion consultancy which plans and implements, without bias to method or medium, whatever is necessary to increase your sales. Our professional advice is based on both affordability and awareness of costs. We follow through to ensure results.

Michael Lazarus Associates 242-244 St. John Street London EC1V 4PH Tel: 01-250 3988 Telex: 896599

ROLL-OVER RELIEF

Is your 3 year time limit coming to an end? If so we can extend this period by up to 10 years and reduce your repayment to only 15% of the sale proceeds.

Write to us for details in the event that you have disposed of assets, not shares for a consideration of £500,000+.

Box No. F8490 Financial Times 10 Cannon Street, London EC4A 4BY.

DEVELOPMENT FUNDS

available to expanding companies seeking £50,000-£500,000.

Lynham Developments Limited 12/13 Henrietta Street London WC2E 8LH

AGENT REQUIRED

To sell British made brake linings and American made fan belts, for old cars and trucks, at manufacturers' prices, all over Africa and Middle Eastern markets. Prompt delivery. Good relationship in the car trade.

Please contact Manuel Ferreira & Filipe Lda, Rua de Santa Catarina 294, 4000 Porto - Portugal. Telex: 26831 MAFER

English Solicitor

with experience in Commercial and Property now living in Palma De Mallorca seeks interesting and remunerative connection with person or company requiring representation in Spain. Spanish Speaking.

Reply to The Old Rectory, Frodsham, Whitechurch, Hampshire or by FAX to 010 34 71 451885

ENGINEERING - PRODUCTION PROBLEMS?

We are a long established bus and truck unit manufacturer and have spare capacity available in the following areas:

- Assembly and repair of diesel engines, gearboxes, axles and hydraulic units.
- Reconditioning of most vehicle engineering components (differentials, transmission units, injectors, flywheels etc).
- Repair of electrical, electronic and radio units.
- Manufacture of seats and destination blinds.
- Painting of large road vehicle of all kinds.
- Servicing of commercial road vehicles and passenger vehicles.

So if we can assist in your excess production needs or develop a facility for your product lines contact W S Laird, Bus Engineering. Ltd at:

566 Chiswick High Road London W4 5RR Tel No. 01 994 7024 Fax No. 01 747 1897

FINANCE FOR EXPORTS IMPORTS & UK TRADE

BACK TO BACK LETTERS OF CREDIT Finance suited to your requirements

ELKA FINANCE LTD. 8/14 Ormsan Road, London, N1 5QJ Tel: 01-729 0405 Telex: 268600

HORSE RACING BUSINESS DEVELOPMENT CONSULTANTS (B.D.C.)

Invite professional individuals interested in forming a Syndicate (max. 15 persons) to own and race 8 horses with Trainer Of The Year David Chapman, for a period of two years. Estimated financial commitment: £15K.

TEL: (0325) 57485

COMMUNICATION SYSTEMS COMPANY

Company in strong market position, provides design, supply and installation of radio broadcast and communications systems worldwide, now seeks equity investment totalling £200,000 for future expansion.

Write Box F8590, Financial Times, 10 Cannon Street, London EC4A 4BY

VENTURE CAPITAL DIRECTOR

available part time to assist growing companies find new sources of capital.

Write Box F8595, Financial Times, 10 Cannon Street, London EC4A 4BY

ALGARVE BUILDING SITE QUINTA DO LAGO - COLFE

POENTE One 3000 sq. m. building plot in prime position - 'Mayfair of the Algarve'. Planning permission for 4 bedroomed luxury villa £150K.

Tel 0252 727212

WANTED HOUSEHOLD TEXTILES

Small expanding UK importing and manufacturing company wishing to make contact with UK manufacturers of materials or finished products.

Please contact: Malcolm Williams, White Stag Co., Fulwood Road, North, Bournemouth, Hants. NG17 3JF. Telephone: 0823-51222. Telex: 37664 JIB WACCO.

PRECISION ENGINEERING COMPANY

Situated West of London seeks further "Sub-Contract" operation located outside the London area, where a suitable workforce is more readily available.

We are highly successful but our management is frustrated in the present location due to lack of labour and high overhead costs, consequently prohibiting expansion and diversification.

We are prepared to out-right purchase, amalgamate or integrate existing production to the mutual advantage of both companies.

A product range would be most welcome especially if our in-house capabilities could be further utilised.

All replies will be treated in Strict Confidence.

Please reply - Principals only - to: Reference DGE, Damon Financial Services, 22 Oldbury Place, London W1M 3AL

PRINTING EQUIPMENT + CONTRACT

Retailer of kitchen furniture wishes to dispose of own printing facility. Equipment and twelve month contract would be of great interest to a printer wishing to move up from single to four colour work.

Replies in writing to G. Milson-Jones, Washmore Furniture Ltd, Chiswick Avenue, Milldenhall, Suffolk IP28 7BE

TYRES TYRES TYRES

One of Europe's largest stockholders of tyres and tubers for the African markets

Stocks in excess of £1 1/2 MILLION. We also buy excess stocks of tyres.

United Tyre Co. Ltd. 75 Queensway, London W1R 4JH. Bristol BBS 1QP UK Telephone 0272-246650 Telex 448907 UNITFR G

FLORIDA INVESTMENT SEMINAR

25 Dec at the American Chamber of Commerce The Issues/Transfer The Pitfalls THE MANY OPPORTUNITIES FROM FLORIDA (including 500 Homesites) Shopping Centres/Landscaped projects/Resorts.

Call 0202/417144/42782 or Fax 0202/417031 for details.

U.S. TRAVEL AND MARKETING GROUP SEEKS SUBSTANTIAL FINANCE

HOUSE TRAVEL AGENCY For Mergers and/or Acquisition GREATER LONDON/THAMES VALLEY/JATA/JABA Group involved in the U.K. for over a decade.

Please reply in confidence to: Box F8574, Financial Times, 10 Cannon Street, London EC4A 4BY

LEASING AND RENTAL

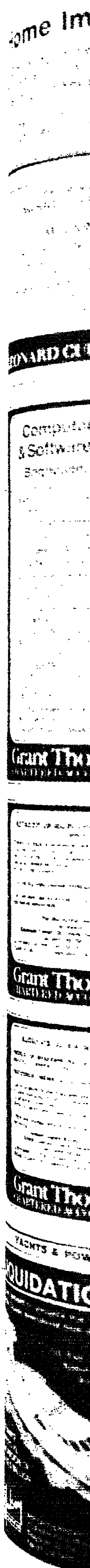
Widely experienced consultant with extensive knowledge of the market and good connections has capacity for additional specific assignments. Possible full time involvement. Capital and funding available.

Write Box F8580, Financial Times, 10 Cannon Street, London EC4A 4BY

LOOKING FOR A BUSINESS?

If you want to buy or back a business Venture Capital Report gives details of 45 specific opportunities in

For full details without obligation contact: VCR, 2 Boston Road, Hovey on the Thames RG9 1DY Tel: 0491 579999 A member of VDBSA



FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4 44Y
Telegram: Finantimo, London P84. Telex: 8954871
Telephone: 01-248 8000

Tuesday December 6 1988

The training challenge

CONCERN about the poor quality of British training and vocational education dates back at least 100 years. In 1884, the Samuelson Commission concluded that other industrial countries were adopting better technological and structural change than Britain. The UK's poor performance, it said, reflected the low priority attached by the state to education and training. A century later, the hand-writing continues.

Yesterday's white paper from the Department of Employment was billed as the most radical overhaul of industrial training since the early 1960s. It certainly contains innovations such as the planned Training and Enterprise Councils (TECs) - but it hardly lives up to expectations. Indeed, it is primarily a paper about employment creation. Training (or rather the lack of it) is seen as just one of many obstacles to employment - on a par with pay or industrial relations - and self-employment within their area. This devotion of training responsibilities to those "at the coal face" is an intriguing concept. Perhaps it will prove an enormous success: a national network of TECs could evolve over the next few years and arrange first-class training for local communities.

But it would be wise to retain doubts. Successful businessmen are not necessarily the best educators - and training is really a form of education. Moreover too many British businessmen have shown little interest in any training that goes beyond the short-term specific needs of their companies.

Companies clearly can and should do much more to train their employees properly. But individual employers in a free enterprise system do not have an incentive to provide an efficient overall level of vocational training. The Government is putting too little emphasis on the sort of rigorous vocational education which people need if they are to raise their skill level significantly, but which cannot easily be supplied on the premises of individual employers. Yet it is in this department that the UK has fallen furthest behind its competitors in the last century.

Short-term route

The emphasis on training as a short-term route to employment is likely to undermine the quality of programmes. Yet few young people complete the Youth Training Scheme gain vocational qualifications of any standing. This is because it was initially designed as a job creation programme, rather than as a course in vocational education.

The same focus on training in the abstract is evident in yesterday's white paper. Train-

ing is seen as a Good Thing which employees need more of, but Mr Norman Fowler, the Employment Secretary, has virtually nothing to say about the type of training that is required in the vocational world, people are busy devising courses and setting attainment and assessment targets. Nothing comparable is happening in adult industrial training. And the Government is not demanding that anything comparable should happen: it is simply trying to devolve to local businessmen the responsibility for providing this abstract training.

Intriguing concept

At least two-thirds of the members of Training and Enterprise Councils (TECs) are to be flight managers from the private sector. They will contract with Government "to plan and deliver training and to promote and support the development of small businesses and self-employment within their area." This devotion of training responsibilities to those "at the coal face" is an intriguing concept. Perhaps it will prove an enormous success: a national network of TECs could evolve over the next few years and arrange first-class training for local communities.

But it would be wise to retain doubts. Successful businessmen are not necessarily the best educators - and training is really a form of education. Moreover too many British businessmen have shown little interest in any training that goes beyond the short-term specific needs of their companies.

Companies clearly can and should do much more to train their employees properly. But individual employers in a free enterprise system do not have an incentive to provide an efficient overall level of vocational training. The Government is putting too little emphasis on the sort of rigorous vocational education which people need if they are to raise their skill level significantly, but which cannot easily be supplied on the premises of individual employers. Yet it is in this department that the UK has fallen furthest behind its competitors in the last century.

A fudged curriculum

ONE OF the worst features of Britain's education system is the extreme bias towards early specialisation. Many children - particularly girls - opt at the age of 15 or 14 either to study science or to take just one General Certificate of Secondary Education (GCSE) examination in science. This early decision means that many talented individuals never have the opportunity to become scientists (the ratio of male to female science undergraduates is 5:1). It also perpetuates an unfortunate arts/science cultural divide that has economic as well as social implications: the fact that few UK chief executives understand science influences corporate decisions on the funding of research and development.

The creation of a broad national curriculum was supposed to solve this problem. All children were to have a proper science education to the age of 16. Early specialisation would no longer constrain individuals' chances later in life. In June the science working party set up by Mr Kenneth Baker, the Education Secretary, recommended that all children should follow a full science programme leading to the award of a double GCSE at age 16. It said that up to 20 per cent of the school timetable would have to be set aside for the integrated study of physics, chemistry, biology and earth sciences.

Double science GCSE

Mr Baker, however, responded by doubting whether it was realistic to ask all pupils to study for a double science GCSE. He therefore asked the National Curriculum Council (NCC) to investigate the possibility of a worthwhile balanced science programme leading to a single GCSE, which could be covered in 12½ per cent of curriculum time. Scientists said this idea was a non-starter: there is no way children can keep future options for science study open by taking a single science GCSE at 16. The NCC, after wide consultation, has come to the same conclusion although it is too polite to tell Mr Baker that his plan is a mistake.

The NCC says that 90 per cent of responses backed the working party's call for a double science GCSE for all. Schools and education authorities said this would help overcome the present gender imbalance in science and widen opportunities for employment, training and further study. Academic studies confirm that the proportion of girls studying science at A-level is dramatically increased by deferral of choice from age 13 to 16. The NCC concludes that the option of a slimmed-down science course would perpetuate the problem of predetermined career routes and do nothing to increase the number of science and engineering students at university.

Composite course

Mr Baker should take due note of this advice. The requirement that children should study for a double science GCSE is not particularly onerous. The proposed science programme, after all, is a composite course: the closest analogue in the arts would be a general course in the humanities, embracing, say, English, history, art, music and perhaps a foreign language. Mr Baker would surely not argue that the study of the humanities could be similarly compressed into a single GCSE absorbing at most 12½ per cent of the timetable. Nor should he try to claim that design and technology, which will have a foot in both the arts and science camps, can act as a surrogate science for those who avoid the double science GCSE.

The only circumstances in which a slimmed-down science course could be appropriate are for non-academic pupils following predominantly vocational courses. In French vocational schools, for example, academic studies occupy only 50 per cent of the timetable. But Britain has no such commitment to vocational education. The danger of providing the choice of single GCSE science is that large numbers of academically able pupils will specialise prematurely at great cost to themselves and the economy. Mr Baker must guard against this possibility.

Peter Marsh considers the prospects for the world chemicals industry

Christmas parties at the world's chemicals majors are likely to be lavish affairs. After several years of flat or falling demand for chemicals, accompanied by sometimes painful capacity reductions, the companies have in the past year hit a bonanza comparable with their last spell of sustained prosperity in the early 1970s.

A period of surging requirements for bulk synthetic materials such as polyethylene and other plastics - caused by economic expansion in many parts of the world - has coincided with constraints on supply caused by minimal investment in new plants since the slump in the industry at the turn of the decade.

As a result of this, the big chemicals companies have been able to push through the kind of price rises they could scarcely have dreamed of two years ago. They have also been helped by the low price of oil, their main raw material.

This combination of circumstances explains why in the past 12 months profits in the chemicals sector have leapt ahead, raising the spirits of executives from Osaka to Oklahoma. "At the moment being a commodity chemicals company is a good thing," says Mr Richard Toman, a vice president at Quantum, a US chemicals group formerly called National Distillers and Chemicals.

At issue, however, is how long the good times are likely to last. The chemicals business is notoriously cyclical, as a result the current boom seems almost predestined to be followed by a slump along the lines of that in the early 1980s.

Some chemicals managers, even as they celebrate today's healthy profits, are concerned that a rash of recent announcements over commodity chemical plant investments may add to the risk of the industry lurching into a new crisis in the 1990s. There are particular fears about possible overcapacity and the drop in prices and profits that could follow.

The worries mainly concern production of the feedstock chemicals, derived either from oil or natural gas, which act as the building blocks for the plastics and other synthetic materials used in virtually all parts of modern life. The feedstock substances include propylene, styrene, benzene and ethylene.

Of these, ethylene is easily the most important. It is produced at a world-wide rate of about 50m tonnes a year in giant plants called crackers. It acts as a starting material for tens of thousands of other organic chemicals, the best known of which are plastics such as polyethylene and polyvinyl chloride, which end up in dozens of industries from consumer to cars and from metal-bashing to medicine.

Behind the debate about the wisdom of the newly announced commodity-material plants are the starting price rises in the past year or so of several ethylene-based commodity chemicals. Ethylene sells for \$500-\$700 a tonne; the price in the US has more than doubled in the past 18 months while the rate of increase in Europe has not been far behind.

This has had a knock-on effect on other materials processed from ethylene. The biggest price rises have been for basic plastics and fibres - typically selling for \$1,000 to \$2,000 a tonne - which are made from ethylene using well-established technologies and with little added value arising from novel research and development.

The most noticeable price jump - which has seen European prices tripling to about \$1,700 a tonne since January - has been for ethylene glycol, a material derived from ethylene and which is used in anti-freeze and also in polyester fibres.

While costs of such materials are strongly linked to the ethylene price, other, high value-added organic substances like drugs or agrochemicals are largely immune. The prices set for these substances, which may easily reach \$1m a tonne, depend more on research and marketing panache than on raw material costs.

The ethylene-based price rises have been behind the big profits this year for integrated oil/chemicals giants such as Exxon, Shell and British Petroleum, which base most of their chemicals operations on converting their own fuel resources into commodity materials. According to Mr Darryl Anbrey, an analyst at Chem Systems, a New York consultancy, US companies' profit margin on their ethylene sales earlier this year reached a staggering 80 per cent, compared with the 20-30 per cent which they might have expected in 1986.

The sustained nature of the jump in prices has made many chemicals executives believe the rise in demand for their products will continue for the foreseeable future, justifying the plant investments.

The industry has, however, a nagging fear about possible overheating due to too many plant expansions coming on stream. During the current boom, the industry initially refrained from sanctioning new plant construction of a kind which, on past experience, could be expected to lead to a production glut.

The jeremiads in the industry have repeatedly warned that this kind of surge of plant building was one of the factors that triggered the last chemicals slump in the early 1980s.

In recent months, however, the restraint has worn thin. Several big US companies, including Dow Chemical, Phillips Petroleum and Quantum, have announced new projects for adding significantly to production of chemicals like ethylene, propylene and basic plastics.

In Western Europe, the enthusiasm for new plant building has been less strong. But Petrofina, the Belgian oil company, is joining forces with Neste of Finland to build a new ethylene cracker in Antwerp, the first new ethylene production site in the continent for a decade.

Other companies have decided, moreover, to add to existing ethylene crackers - BP, for instance, plans to spend \$200m extending its facility at Grangemouth in Scotland - or to

Why the good times may not last long

strongly linked to the ethylene price, other, high value-added organic substances like drugs or agrochemicals are largely immune. The prices set for these substances, which may easily reach \$1m a tonne, depend more on research and marketing panache than on raw material costs.

The ethylene-based price rises have been behind the big profits this year for integrated oil/chemicals giants such as Exxon, Shell and British Petroleum, which base most of their chemicals operations on converting their own fuel resources into commodity materials. According to Mr Darryl Anbrey, an analyst at Chem Systems, a New York consultancy, US companies' profit margin on their ethylene sales earlier this year reached a staggering 80 per cent, compared with the 20-30 per cent which they might have expected in 1986.

The sustained nature of the jump in prices has made many chemicals executives believe the rise in demand for their products will continue for the foreseeable future, justifying the plant investments.

The industry has, however, a nagging fear about possible overheating due to too many plant expansions coming on stream. During the current boom, the industry initially refrained from sanctioning new plant construction of a kind which, on past experience, could be expected to lead to a production glut.

The chemicals business is notoriously cyclical; the current boom is almost predestined to be followed by a slump

from sanctioning new plant construction of a kind which, on past experience, could be expected to lead to a production glut.

The jeremiads in the industry have repeatedly warned that this kind of surge of plant building was one of the factors that triggered the last chemicals slump in the early 1980s.

In recent months, however, the restraint has worn thin. Several big US companies, including Dow Chemical, Phillips Petroleum and Quantum, have announced new projects for adding significantly to production of chemicals like ethylene, propylene and basic plastics.

In Western Europe, the enthusiasm for new plant building has been less strong. But Petrofina, the Belgian oil company, is joining forces with Neste of Finland to build a new ethylene cracker in Antwerp, the first new ethylene production site in the continent for a decade.

Other companies have decided, moreover, to add to existing ethylene crackers - BP, for instance, plans to spend \$200m extending its facility at Grangemouth in Scotland - or to

build new plants for other feedstock substances like styrene.

Mr Robert Muller, a consultant with California-based SRI International, says that as a result of the new investments the US is likely to increase its ethylene production capacity by roughly one-third over the 10 years to 1995, to an annual level of 20m tonnes. The output from Western Europe and Japan is also likely to expand significantly.

Added to this have been plans for large-scale investments in chemicals in many countries outside the main industrial blocs. These nations include countries such as South Korea, Taiwan and Thailand. Recently, the Soviet Union signalled its interest in building up its chemicals capacity by signing a deal with a Japanese consortium led by Mitsubishi to build a \$2.5bn chemical complex in western Siberia. China, meanwhile, is boosting its chemicals production facilities.

Assuming the bulk of the new chemicals plants in the industrialising world go ahead, exports of chemicals from the richer countries, largely bulk plastics, could be severely hit. That could make questionable some of the plans for increasing production.

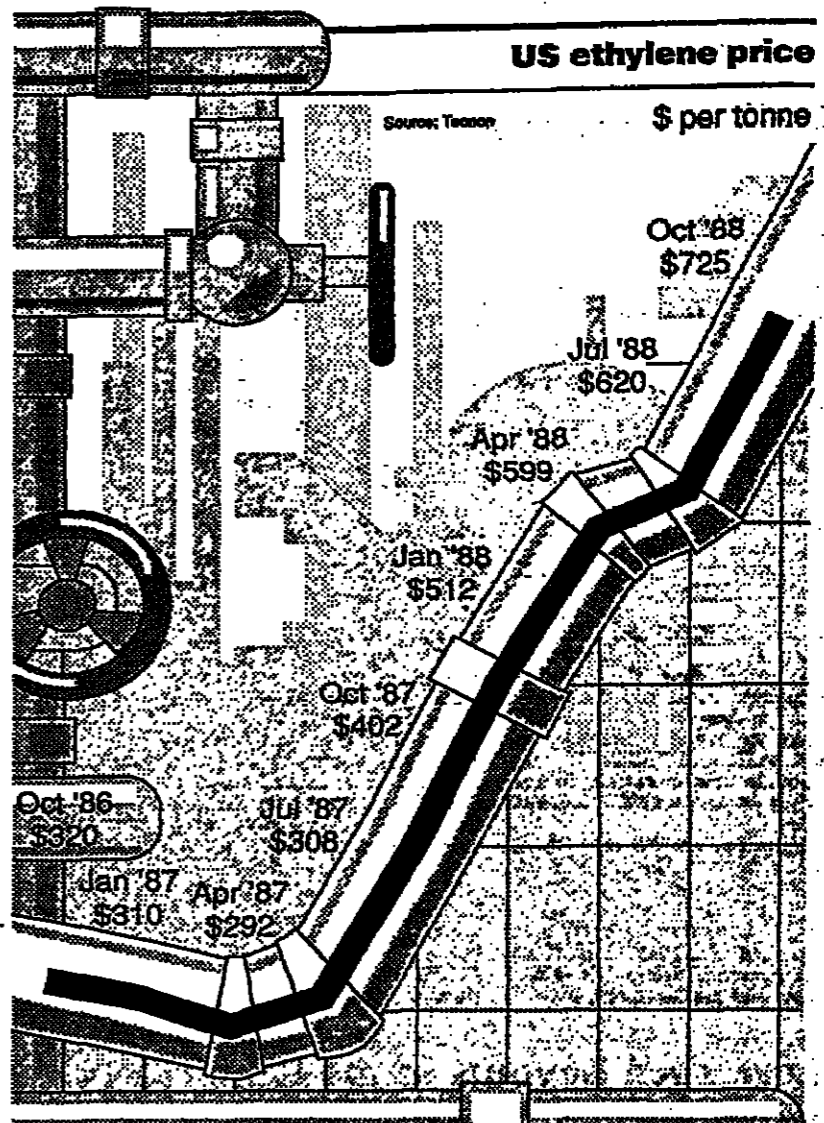
In the light of this, some industry observers such as Mr Stuart Wamsley, a chemicals analyst at the London office of Morgan Stanley, the US bank, believe chemicals companies may be shooting themselves in the foot by going ahead with expansion. He says that many of these companies should think again.

Other people in the industry are more sanguine. Mr Glenn Cox, president of Phillips, says he is confident that the 600,000-tonne-a-year ethylene cracker his company is building in Texas, at a cost of an estimated \$400m, will make money.

Another area of debate in the industry concerns the effect of a continuation of the price rises of the past two years on the companies which buy chemicals feedstock materials. These are largely producers of plastics and fibres together with customers for these substances from the construction or other industries.

Mr John Phipps, a manager at Tecon, a UK chemicals consultancy, believes many of the big chemicals companies, in pushing through their price increases, have been overlooking the reactions of consumers.

If the prices keep on rising, Mr Phipps reckons that some of the purchasers of synthetic materials could be driven - in what would be a reversal of the pattern of the past 30 years - to substitute substances like metals or natural fibres. Largely as a result of this factor, Mr Phipps and others believe the price rises will start to slow soon.



Production (million tonnes)	US	Western Europe	Japan	Rest of the world	Total
1985	15.3	13.2	4.4	10.4	43.3
1990 (Projected)	18.6	14.7	4.7	13.7	51.7
1995 (Projected)	20.0	17.2	5.3	19.3	61.8

Although people within the chemicals industry are generally overjoyed at the return to health of the business, others are not so happy. Some observers are worried that the brighter prospects for the sector, and the rash of plant construction that might follow, might lead to environmental difficulties related both to emissions of wastes from manufacturing sites and also to the disposal of goods like plastics.

Mr Jonathon Porritt, director of London-based Friends of the Earth, the environmentalist group, says the build-up of new chemicals plants "is not good news." He is especially worried by the consequences in the industrialising world. "I have a feeling that many newly industrialising countries do not have the regulatory structures to control these industries from an environmental point of view."

Which companies are likely to be the winners and the losers from the upheavals now taking place in the chemicals industry? The past few decades in the sector has been dominated not only by the problems in the commodity area but by a rush (partly inspired by these difficulties) by many companies away from bulk materials and into specialist, high-value areas such as pharmaceuticals, crop-protection compounds and engineering plastics.

This has been particularly the case with BASF, Bayer and Hoechst of West Germany and Britain's Imperial Chemical Industries - the four biggest chemicals companies measured by sales. If it has done anything else, however, the current surge in profits from commodity operations has made analysts think more deeply about the consequences of this kind of shift; the right approach, according to current thinking, is to balance a certain level of activities in the bulk-materials area with the kind of research and development resources required to make successful forays into specialist production.

The fact that many chemicals companies have worked hard at formulating this kind of strategy over the past seven or eight years makes many of them reasonably optimistic about their ability to handle events around the gloomier prospects in the industry, be proved right and the sector move into some kind of downturn in 1989.

Of one thing most chemicals managers are reasonably sure: changing market conditions will give these strategies a far sterner test over the next year than in the past 12 months. Christmas 1988 may well not be quite so happy as the coming one.

Caridi's last stand

At 58 years old, General Jose Dante Segundo Caridi, Argentina's army chief of staff, probably has only a few days left in his post, if not in the country itself.

The former artillery officer has earned for himself the hatred - not too strong a word - of the bulk of the professionals in Argentina's 57,000 strong army. It was his role in the latest uprising by disgruntled commandos; he failed largely because the professionals hold him in contempt.

A physically large man, the only unmarried senior officer since the 1970s, he has been bureaucratic. He carried out admin duties during the Falklands war, a task which adds to the disrespect felt by people such as rebel leader Colonel Meinhold, who claims hero status for his part in the South Atlantic.

Much given to swearing and speaking as loudly as possible, he has a complex about using telephones, preferring to refer to himself as "doctor" Caridi, or simply "Dante", when leaving messages. Those who know him describe him as highly opinionated, a man who likes to give the impression of physical toughness.

His appointment as chief of staff, after an earlier rebellion during April 1987, came as a surprise to everyone. Even at that early stage two units, one in Salta and the other in Tucuman, staged a brief mutiny in protest at the promotion of a man who has never fired a shot in anger.

Since then he has earned himself further odium by promoting to senior ranks a host of his friends, all from the artillery (the only unit to support him at the weekend).

Although President Alfonsín has given him his full backing, the rebels have called for his head. In five days' time General Caridi celebrates his 58th birthday. It is unlikely to be

OBSERVER

a happy occasion, except for his numerous enemies.

Family ties

One of the little noted consequences of Warburg Securities' application for discount house status is the extent to which it will bring families together.

George Blunden, who heads Warburg's money market desk, is likely also to head the discount house operation. This will involve him in close contact with the Bank of England, where his father, George Blunden, is deputy-governor.

The connection between Warburgs and the Bank goes deeper. The Bank governor's son, James Leigh-Pemberton, also works at Warburgs. While his father's organisation is busy buying gilts, James works on sterling bond issues for companies.

Curried eggs

There are several reasons why Edwina Currie, the junior health minister, should resign. One is that her statement - "Most of the egg production in this country, sadly, is now affected by salmonella" - is pretty sweeping by any standards. Either she should have backed it up more thoroughly, or done something about it earlier.

Another is that resignations are good for the body politic. Their absence suggests that ministers are too scared to stand up for themselves or, alternatively, that they have nothing to stand up for.

A third is that Currie has been recently overshadowed at the Health Department by another junior minister, David Mellor, who has the same outspoken habits, but without

Dashing Green

The latest strife inside the West German Green Party might open new doors for one of the country's most intriguing and elegant politicians, Otto Schily.

Schily has long been the acceptable face of Green poli-

Allen-Edmonds Men's Shoes

One company still remembers all the important shoemaking skills that have been developed over the years. Allen-Edmonds. These shoes are made with only the finest leathers - hand selected. They all have 360° welt construction - more expensive but far superior to "cement" construction techniques. They have no metal supports or rigid shanks - allowing your feet to move naturally and comfortably. Heels are made with a full leather base and rubber top for superior wear. Allen-Edmonds shoes are leather lined for long-lasting comfort. They're formed on exclusive lasts that duplicate perfectly the contours of the foot. And every single step in the shoemaking process - all 200 of them - involves hand crafting. It's time-consuming indeed. Expensive, of course. But once you've worn a pair of these shoes you'll agree. No one in the world puts more tradition into traditional shoes than Allen-Edmonds.

Herods, Knightsbridge, London
Gaiety, Floral Street, Covent Garden, London
Sabbatino, Heath Street, Hampstead, London
Gasp Flanagan, Chiffon Street, London
Mace-A-Million, Covent Garden, Oxford
Boutique For Men, Hatfield, Essex

Salts, Shankwell Quay, Southampton
Robert Otto & Co., Bournemouth
Colbless, Abbey Arcade, Bournemouth
Gallo, King Street, Cambridge
Bachmans, Corporation Street, Birmingham
Financia, St. Anne's Place, Manchester

U.S. Agent Stephen Palmer (01) 722 2122.

LETTERS

Skills surveyed

From Mr. D.A.A. Fragandini. Sir, Your stern editorial on our national skill shortage (November 24) comes years too late and is still too feeble.

Skills shortages overstated

From Dr Michael Cross. Sir, An almost constant claim over the past few years has been that there are shortages of skilled craft, technical and professional manpower in the UK economy.

FOREIGN AFFAIRS

The need for collective self-respect

Edward Mortimer asks whether the UN can continue to be the effective guardian of world peace

heard, is an unfortunate symbol. Of course it is only going there for one debate, but in so doing it sets a precedent which could make the UN feel free to exclude other unwelcome guests of the UN in future.

There is a danger that the delicate diplomatic work may be less effectively handled in future

actions, especially those affecting Israel, have had a disproportionate effect on the UN's overall image in the past. The trouble is that it depends very much on the US whether the UN carries on its recent run of successes and establishes itself as something like the effective guardian of world peace that it was designed to be.

UK property

From The Earl of Buchan. Sir, I am mystified that you discuss in your customary learned manner (Lex, November 26) the value of UK property shares, the market's view of them, and so on, without mentioning the important issue: why do overseas investors take a different view?

R&D applied differently

From Mr J. Spencer. Sir, "Scotching the cultural myth" (November 29) does not take cognisance of the fact that Japan spends barely 1 per cent of gross national product (GNP) on armaments. So instead of 50 per cent of all R&D being devoted to military ends (as in the UK), they produce large quantities of "high-tech" goods.

Nuts and dates

From Commander J.R. Ducker. Sir, I was interested to read (Observer, November 28) that "earlier in the month than normal". The UK Department of Trade and Industry clearly has great influence.

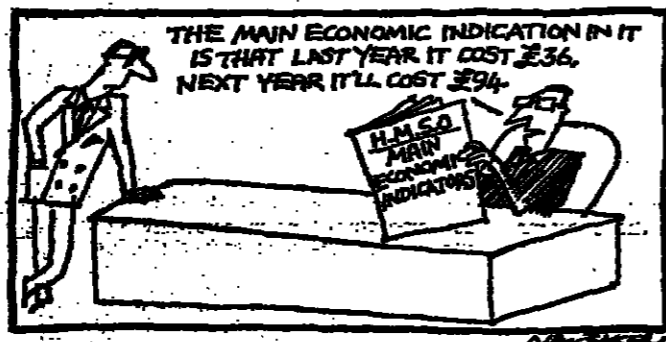
Leveraged buyouts in the US

From Mr Leo Herzl. Sir, Your leader on RJR Nabisco, the US tobacco and food group (November 21), is critical of management conflict of interest in leveraged buyouts (LBOs) in the US.

erizing the behaviour of company directors, combine to make LBOs a very important factor in a highly competitive takeover market.

Refer to cash flow

From Mr T. Walmaley. Sir, You report Hanson's proposal to determine the company's borrowing powers by reference to net assets including acquired goodwill (November 26). Lex comments that a more radical solution to the problem of measuring debt capacity would be by reference to cash flows or earnings.



Stone thrown from a glasshouse

From Mr G.C. Ronald. Sir, As foreign exchange researchers and analysts we have for some years been regular subscribers to the OECD (Organisation for Economic Co-operation and Development) Main Economic Indicators monthly publication.

— a staggering 161 per cent price increase: from £98 to £294 a year. Even Turkey (an OECD member country) has an inflation rate of only 82 per cent.

The statistics of poverty

From Mr Alan Mayne. Sir, Both Carey Oppenheimer (Letters, October 29) and Michael Stern (Letters, November 11) use inadequate statistical information to indicate the extent of poverty in the UK.

The following considerations must be taken into account. There should be a sufficiently objective definition of both individual and family poverty, which measures the extent to which different essential requirements of living are actually met, and also takes account of quality of life.

and shelter, and because of differences in individual requirements for such essentials as diet and good health.

EC anti-dumping policy does not relate to the real situation

From Mr Des Pinchbeck. Sir, At a recent Confederation of British Industry seminar, representatives of the US, the EC and Japan protested how open and unfettered they kept their markets, but how concerned they were that the others were not "playing fair".

unable or unwilling to demonstrate the workings of some of the new rules.

recognised that in Europe and Japan we made profits which were, to say the least, substantial.

lary, those who have to face exceptionally high housing costs do not share in this increased affluence.

ing must be of a high quality. What constitutes a European company? Olivetti sources typewriters in Singapore and sells them against the Japanese brother company which manufactures in Wales and is cleared of "screwdriver" charges.



Engineered like no other used car in the world

A used Mercedes-Benz from an appointed dealer is a car that leaves a lasting impression, one that will stand the test of time and has a beauty more than skin deep.



WINCANTON (0963) 33800 FOR AN INNOVATIVE PARTNERSHIP IN DISTRIBUTION

FINANCIAL TIMES

Tuesday December 6 1988

IDC DESIGN - CONSTRUCT - ENGINEER STRATFORD-UPON-AVON TEL: 0789 30428



Argentines celebrate outside the National Congress building in Buenos Aires after the surrender of army rebels

Confusion persists in Argentina

By Gary Mead in Buenos Aires

STRONG rumours persisted throughout yesterday that President Raúl Alfonsín of Argentina had made important concessions to army rebels who surrendered late on Sunday evening after occupying military installations.

Several factors conspired to strengthen such suspicions, not least the failure of Mr Alfonsín himself to state firmly that the commandos - who occupied the Villa Martelli arsenal on the outskirts of Buenos Aires - had unconditionally surrendered.

Following the surrender, Mr Alfonsín said on national radio: "I have not made concessions of any kind." He added that General José Dante Caridi, army chief of staff, "retains all my confidence."

Despite Mr Alfonsín's statement, which neither gave further details of the surrender terms nor spoke of any punishment for the rebels, a confused air hung over Argentina throughout yesterday.

Minister embroiled in growing row over bad eggs

By Philip Stephens, Lisa Wood and Nikki Tait in London

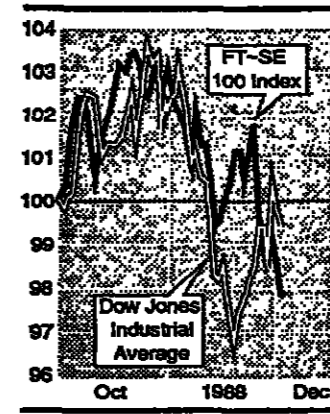
A FURIORE over the hygiene of Britain's eggs deepened yesterday. The British Egg Industrial Council, which represents the UK's 250 egg suppliers in a business worth £1.5bn (\$2.7bn) a year, threatened to take Mrs Edwina Currie, Junior Health Minister, to court over her weekend remark that "most" of the nation's eggs were infected with salmonella.

The Government, meanwhile, announced a new code of hygiene practice for Britain's poultry breeders as it acknowledged growing official concern about the incidence of the infection in the country's egg production.

Mr Clarke urged MPs to keep the problem in perspective, adding that the outbreaks were "very small" when set against daily UK consumption of about 300m eggs.

British Steel in the bull's eye

From the viewpoint of the British taxpayer, British Steel's debut must be regarded as the best possible outcome this side of Britoil or BP. For the serious investor too, the shares seem to have cost exactly what they were worth, and by the stage are out of pocket, they had clear warning.



On balance, the cost of obtaining the extra information may be even slighter than the benefit, so the change probably merits a place in the new companies bill.

comes to anything; one suspects it is too early to expect such transparency of the Japanese system.

William Collins

It has never been quite clear whether Mr Rupert Murdoch's real aim was to buy William Collins on the cheap, or to sell it expensively to a bidder spurred into action by his own rival offer.

Control could presumably be managed without too much difficulty, at these or only slightly higher levels: with 41.6 per cent of the votes already, it cannot be that difficult to bring another 8.5 per cent of voting stockholders round to the Murdoch case.

On balance, the cost of obtaining the extra information may be even slighter than the benefit, so the change probably merits a place in the new companies bill.

Unbundling

Shearson's new wheeze for dressing up equity and calling it debt is one of clearest demonstrations so far that the US tax breaks on corporate debt are in need of reform.

Misubishi Motors

In Japan, they do things differently. The contrast between British Steel and Mitsubishi Motors is poignant: the one on a yield of 8 per cent and a p/e of 4.9, on a first day premium of under 4 per cent; the other shooting to a premium of 70 per cent, despite a yield of just 0.8 per cent and a p/e of 92.

He rejected opposition calls for Mrs Currie to resign, describing her as a valuable member of the Government.

The new code of conduct, issued by the Department of Agriculture, provides for a series of hygiene measures aimed at stamping out salmonella. They include a range of improved cleaning and disinfection methods.

French act on Channel tunnel complaints

By Paul Betts in Paris and Andrew Taylor in London

FRENCH construction companies building the Channel tunnel will publicly defend themselves next week against complaints that they are to blame for delaying the project.

The French companies, Bouygues, Spie Batignolles, Dumez, SGE and SAE, are members of Transmanche Link, in which they are grouped with five British construction groups.

Some of the British contractors have said that they might counter claim against Eurotunnel. They say targets were agreed when it was thought construction would get underway in summer 1987, but that a crucial share issue by Eurotunnel which it says are responsible for increasing the cost of the £4.7bn (\$8.69bn) project by more than £100m.

West Germany on course for another record trade surplus

By Andrew Fisher in Frankfurt

WEST GERMANY notched up another large trade surplus of DM10.6bn (\$6.2bn) in October, with the figure for the full year set to reach another record.

But when the effects of price rises are allowed for, imports have actually grown faster than exports. In the first 10 months of this year, imports rose in real terms by 4.9 per cent compared with 4.4 per cent for exports, the Federal Statistics Office said.

"In volume terms, the surpluses are being reduced," said Mr William Ledward, an economist with Nomura International in London.

He estimated that German imports had expanded at an annual 10 per cent rate by volume in the August-October period of this year compared with an 8 per cent increase for exports.

German exports have been propelled along this year by a capital investment boom in major markets. Production figures from the Economics Ministry showed a 4.5 per cent rise in manufacturing industry output in September and October 1988, the same two months of 1987. Total industry output was up by 3.7 per cent, with declines in mining and construction.

Many German exports are fairly immune to price and currency changes: the D-Mark recorded in the same month of last year, but down on the DM11.3bn of September, 1988.

The current account surplus, including goods and services, rose to DM7.9bn in October from DM7.2bn last year and to DM9.4bn from DM6.1bn in the first 10 months.

UK retail sales climb despite slowdown in growth of credit

By Ralph Atkins in London

BRITISH Consumers' outstanding credit showed the smallest rise for nearly two years in October but retail sales remained buoyant, according to official statistics released yesterday.

The Department of Trade and Industry figures failed to clarify conflicting signals about the outlook for consumer spending. Financial markets continued to be unsettled by fears that high interest rates will be needed for some time to control inflation, and may even rise further.

The pound strengthened further yesterday, largely on interest rate speculation, despite limited intervention by the Bank of England. In quiet trading, sterling rose 1/4 pence against the D-Mark and almost 1/2 cents against the dollar.

The DIT figures showed the amount outstanding on consumer credit agreements increased by \$81m (\$151m) in October after adjustment for normal seasonal variations.

The pound strengthened further yesterday, largely on interest rate speculation, despite limited intervention by the Bank of England. In quiet trading, sterling rose 1/4 pence against the D-Mark and almost 1/2 cents against the dollar.

The DIT figures showed the amount outstanding on consumer credit agreements increased by \$81m (\$151m) in October after adjustment for normal seasonal variations.

Seoul Cabinet purged by Roh

Continued from Page 1

Observers noted that most of the new figures are relatively inexperienced academics from the prestigious Seoul National University, but most have an international outlook.

Mr Cho Hyung, the new deputy Prime Minister and head of economic policy, is an academic economist who said yesterday that the country's aim will be to reduce dependency on exports and develop a more balanced internal economy.

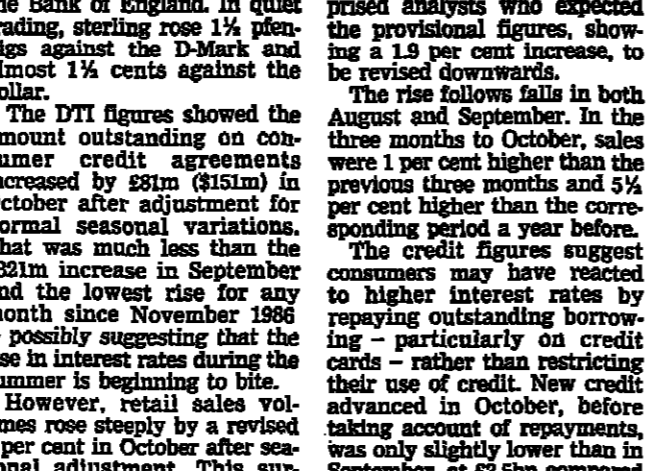
The new Finance Minister, Mr Lee Kyu Seung, with a long career in the economic bureaucracy, is expected to have a close relationship with the overall leader of the team, Mr Moon Hee Gab.

The DIT figures showed the amount outstanding on consumer credit agreements increased by \$81m (\$151m) in October after adjustment for normal seasonal variations.

The pound strengthened further yesterday, largely on interest rate speculation, despite limited intervention by the Bank of England. In quiet trading, sterling rose 1/4 pence against the D-Mark and almost 1/2 cents against the dollar.

The DIT figures showed the amount outstanding on consumer credit agreements increased by \$81m (\$151m) in October after adjustment for normal seasonal variations.

Table with columns for location, temperature, and weather conditions. Includes cities like Atlanta, Algiers, Amsterdam, Athens, Bahrain, Bangkok, Barcelona, Beijing, Bern, Bogota, Brasilia, Buenos Aires, Cairo, Canberra, Chicago, Cincinnati, Cologne, Copenhagen, Curitiba, Dallas, Dhaka, Doha, Dublin, Edinburgh, Frankfurt, Geneva, Hanoi, Harbin, Havana, Helsinki, Hong Kong, Houston, Indianapolis, Jakarta, Johannesburg, Kuala Lumpur, London, Los Angeles, Luxembourg, Madrid, Manila, Mexico City, Miami, Moscow, Mumbai, New York, Ottawa, Paris, Perth, Rome, Seoul, Singapore, Stockholm, Sydney, Taipei, Toronto, Vancouver, Wellington, Washington, Wichita, Zurich.



UK retail sales climb despite slowdown in growth of credit

By Ralph Atkins in London

BRITISH Consumers' outstanding credit showed the smallest rise for nearly two years in October but retail sales remained buoyant, according to official statistics released yesterday.

The pound strengthened further yesterday, largely on interest rate speculation, despite limited intervention by the Bank of England. In quiet trading, sterling rose 1/4 pence against the D-Mark and almost 1/2 cents against the dollar.

Advertisement for Market-Eye, featuring the text 'Mmm Compulsive Phewing...' and 'Every week day put yourself at the heart of the investment picture with Market-Eye's minute-by-minute price updates for over 2,500 UK equities, gilts and London-traded international stocks.'

PLANT & TOOLS WOLSELEY The name behind the name

We set more wheels in motion R J HOARE Leasing Limited

INSIDE Bouygues builds up its defences

Mr Martin Bouygues, 36, has just been appointed deputy chairman of Bouygues, the large French civil engineering group, and looks set one day to succeed his father at the head of the company.

Nigerian woes for Paterson Zochonis

Paterson Zochonis, the UK-based trader which specialises in West Africa, yesterday warned that its interim profits would probably be lower than last year because of the weakness of the Nigerian currency, the Naira.

A long-term view of platinum

Platinum warrants are to be issued by J. Aron, the New York commodities dealer, giving speculators a way of taking a long-term view of the market for the first time.

British farmers feel the pinch

A debate on UK farmers' declining incomes has been put firmly back in the spotlight by Mr Simon Gourlay, President of the National Farmers' Union.

A snapshot of Sterling Drug

When Eastman Kodak, the US photographic giant, bought Sterling Drug early this year, the deal catapulted it into the pharmaceutical industry.

Market Statistics table with columns for Base lending rates, Benchmark Govt bonds, etc.

Companies in this section table listing ACAL, AT&T, Alexon, Allied Irish Bank, etc.

Chief price changes yesterday table with columns for Flour, Wheat, Sugar, etc.

London (Pence) table listing British Steel, Johnson Matthey, etc.

Large premium for Mitsubishi Motors offer

SHARES IN Mitsubishi Motors Corporation (MMC), launched on the Tokyo Stock Exchange yesterday in Japan's biggest private sector flotation, shot to an immediate premium of nearly 70 per cent over the offer price to give the company a market value of ¥1,140m (\$915m).

New plan to retire companies' equity

FOUR leading US corporations yesterday applied to convert a total of \$5bn (£2.7bn) of their common stock into a new type of hybrid debt and equity security which could have significant implications for management and corporate finance practices around the world.

TI sells silencer and tubes units for £141m

TI Group, the UK-based specialist engineering company which has undergone a radical transformation in the last two years, is to raise another £141m (\$222m) by selling its European automotive silencer businesses and its Canadian tubes subsidiary.

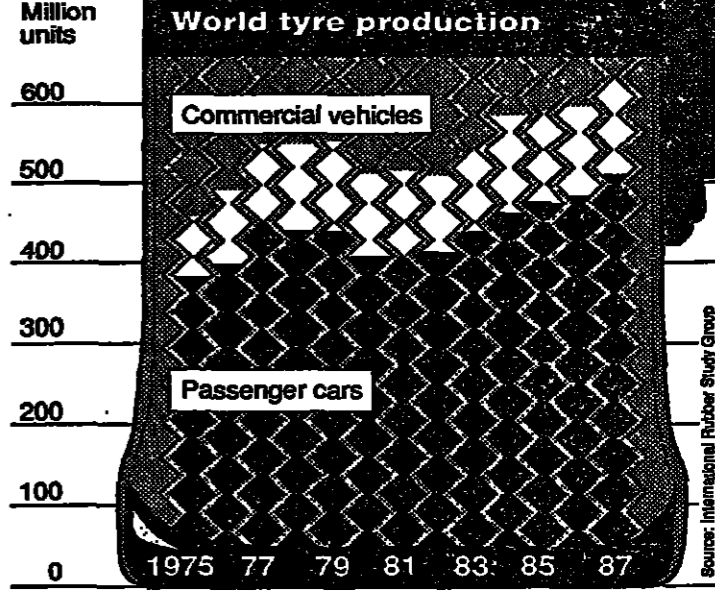
Bridgestone pumps up the pressure John Griffiths on the intense competition facing the world's tyre makers

Western tyre manufacturers have been jolted into accepting that Bridgestone of Japan is deadly serious about, and in a hurry to make good, its declared intention to become the biggest player in the world's \$40bn a year tyre industry.

Thomson to drop N Sea operations

INTERNATIONAL Thomson Organisation intends to sell its North Sea oil and gas interests in order to concentrate on its main businesses of information, publishing and travel.

Table of Tyre Industry turnover top ten with columns for Company, 1988 estimate, 1987 estimate.



concentration in the industry. Pirelli's Mr Grandi says he expects that the leading groups will remain in broadly their present forms, subject to joint ventures and some minor acquisitions and realignments.

IF YOU'RE A CASH RICH COMPANY, THIS IS THE LAST ADVICE YOU'LL NEED.

Montagu, choose your interest rate and pay a small premium against interest rates falling below your chosen level. Midland Montagu Treasury Sales

INTERNATIONAL COMPANIES AND FINANCE

Zayre announces further shake-up after stores sale

By Roderick Oram in New York

ZAYRE, A medium-sized US retailer, has announced further steps to restructure its operations following the sale of its department store chain two months ago.

It will pay shareholders a special dividend of about \$1.50 a share and it plans to merge with TJX, its highly successful retail clothing subsidiary which it owns 83 per cent and whose name it will adopt next year.

Zayre's stock slipped 4% to \$25.50 on the news while TJX's rose by 4% to \$25.50. TJX's minority shareholders will receive 1.35 Zayre common shares ex-dividend for each of their shares.

The restructuring is an attempt by management to develop a successful retailing formula after a slump in after-tax profit margins from 2.6 per cent in 1984 to 0.5 per cent in 1987 while sales grew from \$3.12bn to \$6.19bn.

Two months ago Zayre sold its loss-making discount store chain to Ames Department Stores for \$300m. Ames said yesterday it will close 77 Zayre stores early next year, predominantly in the southeastern US, to save \$50m of losses a year. It believes it can return the remaining 318 Zayre stores to "their historic levels of profitability."

Zayre announced yesterday it would spin off its BJ's Wholesale Club and Home Club operations to its share-

holders as part of the latest move. Together they had sales of \$1.54bn in the 12 months ended October 29, Zayre said. They will generate pre-tax earnings of \$45m this year, estimated Mr Joseph Ellis, an analyst with Goldman Sachs.

Following the spinoff, Zayre-TJX would consist almost entirely of the T.J. Maxx and HI or Miss chains of cut-price clothing stores and a small catalogue sales operation. TJX had sales of \$1.82bn in the 12 months ended October 29.

In a recent report Mr Ellis said: "T.J. Maxx has been one of the most consistently successful companies in the retail industry in recent years." He estimated TJX as a whole it would earn pre-tax profits of \$144m on sales of \$1.9bn this calendar year.

T.J. Maxx buys brand goods from apparel merchandise for less than paid by department store chains. In common with other retailers known as "off-price" it negotiates a better price by not seeking advertising or markdown allowances and by specialising in end-of-season lines.

Coupled with a highly efficient operation it can sell at prices 20 per cent to 60 per cent below department stores, Mr Ellis estimates.

Once the restructuring is complete, Mr Ben Cammarata, chief executive of TJX, will replace Mr Maurice Segall as chief executive of the merged company.

Computer software standard talks fail

By Louise Kehoe in San Francisco

THE PROSPECTS for a single computer industry software standard that would enable different types and brands of computers to share data and software appear to be fading fast with the failure of two powerful industry groups to agree over the future of "open systems" software.

Yesterday the Open Software Foundation, an industry group backed by IBM, Hewlett-Packard, Digital Equipment, Groupe Bull Apollo Computer and others, said it had suspended talks with AT&T aimed at trying to resolve the dispute.

It had been hoped the talks, which have been going on intermittently since early this year, would lead to a compromise that would have enabled the industry to work toward a single standard for software.

Mr Henry Crouse, president of the Open Software Foundation, said the talks had been "non-productive." There did not appear to be any point in continuing talks at present.

AT&T, whose Unix computer operating system is at the centre of the industry dispute, expressed surprise at Mr Crouse's statement. "We did not know that the talks were off," it said.

Over the past week it has become increasingly clear, however, that AT&T and its backers, which include over 20 computer and software companies, were determined to develop their own "standard" for software.

The AT&T group, which last week gave itself the title Unix International, will base its software on the latest version of AT&T's Unix, while the Open Software Foundation will use IBM's AIX, a derivative of Unix, as the core of its software standard.

A computer operating system is a program that controls the inner workings of a computer. It defines the way in which data is handled by the computer and provides a set of instructions which operators and application programs can use to control the computer. Unix is one of the most widely used operating systems.

Slow progress for Kodak's Sterling gamble

Peter Marsh reports on the US photographic group's move into new product areas

Mr Jack Thomas has a tough and unenviable job. He is trying to ensure that Eastman Kodak, the US photographic giant, is on to a winner with its \$5.1bn gamble aimed at taking the group into new product areas.

Mr Thomas is chairman and chief executive of Sterling Drug, the US pharmaceutical and consumer products company which Kodak bought in February. The purchase was part of the photography company's grand plan to diversify away from its traditional base.

The acquisition which followed Sterling's rebuff of an approach by F. Hoffmann-La Roche of Switzerland, which had offered \$4.2bn for the company catapulted Kodak into a starting position in the drugs industry, a field it had been preparing for since 1984.

The move, however, has been criticised by drug industry observers on the grounds that Kodak paid a very large sum for a company with no more than a modest reputation in drug discovery.

Mr Thomas admits that Kodak will probably have to wait until the mid-1990s, before it starts to make money from its investment.

Asked if the purchase price was justified, he answers with a slight grin: "I feel better about it now than when we did it."

Mr Thomas is an amiable 52-year-old who joined Kodak as a chemical engineer in 1961 and took the helm at Sterling in September.

He took this job after a series of mainly research-based positions at Kodak, one of

which was in charge of the company's research laboratories. He also took over the company's life sciences group in 1984, when it was set up to spearhead Kodak's thrust into new biology-based products in health care and agriculture.

Until the Sterling acquisition, however, which immediately provided \$2.3bn of annual revenue, the life sciences group was still in the product development stage and contributed nothing to Kodak's total sales last year of \$13.3bn.

Mr Thomas went to some length to defend Kodak's strategy in buying Sterling. He said much of Sterling's drug research was "sub-critical" but nevertheless offered a good base from which Kodak could expand into the pharmaceutical arena.

Mr Thomas is said by business associates to be non-dictatorial, hard-working and willing to learn about the drugs industry, a field in which he has had only limited experience.

Helping him has been the fact that the takeover has had a generally favourable response from Sterling's directors and employees - many of whom had bitterly resisted the initial Roche offer.

They felt the Swiss company, already an established player in the pharmaceutical business, might make severe job cuts and rationalise Sterling's research efforts if its bid succeeded.

Kodak, in contrast, has kept Sterling's 20,000 strong workforce virtually intact, and has kept on nearly all the company's research staff.



Jack Thomas: does not try to disguise difficulties

and only three have come in from Kodak.

Criticism of the Kodak purchase has centred on Sterling's relatively lacklustre activities in relation to prescription-only drugs. Sales of these products came to around \$700m in 1987 - which put the company in about 40th position in the world prescription drugs league table.

The biggest selling product in Sterling's prescription drug portfolio is not a conventional medicine, but an imaging reagent called Omnipaque used in diagnostic systems.

Sterling had been spending \$100m a year on health care research and development, which is small by drug industry standards. The company is generally reckoned, however, to have more to offer in the field of over-the-counter drugs which can be bought without a prescription.

Sales of these products, which include several large-selling painkillers, such as Bayer aspirin and Panadol, came to \$700m last year, making Sterling one of the top US companies in non-prescription medicines.

Another plus point about Sterling, according to some analysts, is its generally well regarded global marketing network which takes in more than 100 countries.

Mr Thomas's strategy for Sterling has several broad thrusts:

● Increased research and development. Spending by Sterling in 1989 in this area will be \$200m, twice the 1987 figure. Sterling's 1,500-strong research team is being supple-

mented by 200 researchers formerly at Kodak's life sciences group. This scientific battalion will work in new areas of heart, brain and cancer drugs.

● Licensing activities. Sterling, says Mr Thomas, is studying possible licensing deals through which the company could bring into its development programme drugs originated by other companies and which it could add to its products portfolio.

● Links with small companies. Mr Thomas says he hopes for useful results from Kodak's joint ventures with small biotechnology companies. The biotechnology companies include Cytogen, Immunex, Neorx and Enzon - all based in the US.

● Links with other Kodak activities. Kodak's expertise in chemical synthesis, which is closely linked with many of its photographic activities, could help in the general search for new drugs, says Mr Thomas. This expertise could also provide products which could evolve into items sold via Sterling's household goods division.

Mr Thomas does not attempt to disguise the difficulties ahead. Nonetheless he is hopeful of the company's prescription drugs business growing at a double-digit rate over the next few years.

"Kodak and its shareholders should start to see the benefit of the acquisition when the research pipeline starts to fill," he says. "But that is unlikely to be until the beginning of the next decade at the earliest."

Sharp rise at Navistar

By Karen Zagor in New York

NAVISTAR INTERNATIONAL, the leading US truck manufacturer, has been boosted by continuing strong demand for medium and heavy trucks. Fourth-quarter net profits increased to \$82m, or 29 cents per share, against the \$54m or 18 cents earned in the comparable period last year.

Sales in the fourth quarter to October were \$1.1 bn, up from \$1bn for the same period last

year.

For the full year, Navistar had net income of \$244m, or 84 cents per share, compared with \$33m or 3 cents per common share, a year earlier. This year's profits came after an after-tax gain of \$24m recorded in the first quarter from the settlement of certain Navistar International Corporation Canada pension liabilities and a \$23m gain on the settlement of prior years tax audits.

Intel predicts recovery in orders next year

By Our Financial Staff

INTEL, a leading US maker of semiconductors, which last month warned of a significant drop in fourth quarter revenues and earnings, has predicted that orders will start to pick up next year.

The California-based group now says it expects orders to begin picking up in the second quarter of 1989.

Mr Jean Claude Corret, Intel vice-president, told a First Boston technology conference that the excess chip inventory which was hitting sales in the

fourth quarter should be worked through in the first half of next year.

Intel's key 80386 microprocessor is used in the latest personal computers, and the group has adopted an aggressive strategy to ensure it remains the sole supplier of such chips.

Mr Corret said Intel was basing its prediction of an upturn on information gained from its 30 largest customers, which account for 80 per cent of its orders.

Last month Intel said that a reduction in orders for the 80386 microprocessor and related products would lead to a 10 per cent decline in fourth-quarter revenues, from the \$785m reported for the third quarter.

It then added that earnings would also decline, to between 40 cents to 50 cents a share. In the year-ago fourth quarter the group reported net income of \$6.5m or 55 cents a share on revenues of \$72.5m.

"We have a good understand-

ing of when (these customers) will finish adjusting their inventories," Mr Corret commented. "We know when people will begin to resume buying."

He added that for the first half of next year, Intel expected steady growth in orders for the 80386 chip, while those for the older 80286 chip would decline.

However, he said combined orders for the two should be well above 1988 levels.

INTERNATIONAL Business Machines has realigned responsibilities in its IBM US personal systems business and formed a division responsible for advanced workstations. AP-DJ reports from New York.

Mr A. Cannavino, IBM vice-president, has been named president of entry systems, reporting to Mr Richard Gerstner, vice-president and general manager of personal systems. Mr Cannavino was president of data systems.

Mr William Lowe, formerly entry systems president, has resigned from IBM.

IBM forms advanced workstation division

INTERNATIONAL Business Machines has realigned responsibilities in its IBM US personal systems business and formed a division responsible for advanced workstations. AP-DJ reports from New York.

Mr A. Cannavino, IBM vice-president, has been named president of entry systems, reporting to Mr Richard Gerstner, vice-president and general manager of personal systems. Mr Cannavino was president of data systems.

Mr William Lowe, formerly entry systems president, has resigned from IBM.

BET
has sold its publishing businesses

Argus Press

to
a new group
led by managers of Argus Press

The undersigned acted as financial adviser to
BET Public Limited Company in this transaction.

MORGAN STANLEY INTERNATIONAL

September 2, 1988

HUNGARIAN INTERNATIONAL BANK LIMITED

LONDON

The Board is pleased to announce for the year ended 30th September 1988 a pre-tax profit of £7,573,742. Extracts from the consolidated balance sheet are set out below.

	30th September 1988
Issued Fully Paid Capital	£10,000,000
Reserves	17,594,053
Primary Capital Undated Loan Stock	8,886,256
Subordinated Unsecured Loan Stock 1994	2,000,000
Primary Capital	£38,480,309
Balance Sheet Total	£260,687,331

During 1988 the Bank maintained a high level of liquidity and low gearing. Significant earnings were achieved with pre-tax profits amounting to 29.2% of Shareholders' Funds and 20.5% of Primary Capital.

Liquidity	43.9%
Primary Capital/Total Assets	14.8%

The 1988 Accounts will be published shortly. Please contact the Company Secretary for a copy. Telephone: 01-606 5371. Address: Princes House, 95 Gresham Street, London EC2V 7LU.

NEWS.



BP UP 5

HISTORY.

BP..... UP..... 1

Read the papers and you get yesterday's share news. Use FT Cityline and you get *this second's* share news. Now for the first time, this service is available over any phone. Send off the coupon or ring the numbers below for more information.

Return to: FT Cityline, FREEPOST, Diss, Norfolk, IP22 3BR.
Please send me my free FT Cityline Share Index booklet

I'd also like a free copy of the FT Cityline Unit Trust booklet
Company (if applicable) _____

Name _____
Address _____



NOW ANYONE CAN GET STRAIGHT TO THE CITY FROM THEIR SETTEE. 01-925 2128 OR 01-925 2323

FT Cityline reserves the right to withdraw financial reports without notice. Calls cost 38p (peak & standard rate), 25p (cheap rate). FT Business Information Ltd, Registered Office, Bracken House, 10, Cannon Street, London EC4P 4BY. Registered in England no. 980896

RAND MINES LIMITED

From the Statement by the Chairman D T Watt for the year ended 30 September 1988

THE GROUP REMAINS RESOLUTE IN ITS DRIVE TO IMPROVE BOTH THE QUALITY AND DIVERSITY OF ITS EARNINGS

Overview

I am pleased to report that year on year the Group has achieved an improvement in earnings of some seven per cent. The higher level of profits has in turn made it possible to increase the total dividend distribution for the year to 450 cents per share.

A notable achievement was the acquisition of the controlling interest in Leskochrysois Limited. This investment will enlarge the Group, place it in a stronger position in the strategically important platinum industry, and enable it to commence platinum production much sooner than would otherwise have been the case.

The Group remains resolute in its drive to improve both the quality and diversity of its earnings.

The consolidated balance sheet continues to reflect considerable strength, with the Group in a sound position to advance with its many new projects.

Mining Industry

The South African mining industry has now entered into what will probably prove to be one of the most difficult periods in its history. The double-digit inflation rate, which has prevailed for a number of years, constitutes a major threat to both profitability and the long term survival of the industry.

Industrial Relations

Strike action in South Africa was at its lowest level since 1983 and there are signs of a new realism in relations between trade unions and management.

Prospects

It appears reasonable to expect that the level of international economic activity will at least be maintained and that the dollar prices of base metals and minerals will remain firm in the year ahead.

The Group's gold producers, and particularly Harmony, should have a better year.

The demand for steam coal on world markets is likely to expand further and improved spot prices should be maintained.

On balance earnings for 1989 should show a satisfactory improvement over the results achieved in the 1988 financial year.

Johannesburg 22 November 1988

Table with 4 columns: Results at a glance, 1988, 1987, Change. Rows include Turnover, Total assets, Number of employees, etc.



INTERNATIONAL COMPANIES AND FINANCE

Bouygues builds on shares raid

Paul Betts on the French construction group's new-found optimism

Echoing the famous Edith Piaf hit, Mr Martin Bouygues says he has "no regrets" over the stock market storm this autumn which shook Bouygues, the company founded and transformed in 38 short years by his father, Mr Francis Bouygues, into the world's biggest construction group.

Its interests range from civil engineering, to water distribution and television. "The stock market attack on our group is part of one of those inevitable cycles in the life of a company," the youngest son of Mr Francis Bouygues says with the same sort of down-to-earth philosophy his father displays.

He is speaking in the small concrete jet flying him to Casablanca to review progress of the huge mosque Bouygues is building for the King of Morocco.

"But it (the stock market attack) has had a very positive impact on our group," Mr Martin Bouygues adds, explaining that it not only strengthened the internal cohesion of the company but also prompted it to consolidate its shareholding structure to protect it from unwelcome speculators.

The raid by unidentified speculators also encouraged the 65-year-old chairman and founder of the company to address the difficult problem of his eventual succession. Until Mr Nicholas Bouygues, the eldest son, left the group after a clash with his father to form his own company three years ago, everybody regarded him as the most likely candidate to take over the reins.

Now, Mr Martin Bouygues, who has been running the group's Maison Bouygues catalogue home business as well as its Saur water distribution subsidiary, has been appointed deputy chairman, while his other brother, Olivier, has taken charge of catalogue home activity.

Aged 38, Mr Martin Bouygues now looks all set to succeed one day his father, even though he will have to prove himself in the coming months as the "dauphin" of a group which has always been synonymous with its forceful founder.

"What will happen to Bouygues after Francis is gone is the big issue facing the group," says a Paris analyst familiar with the company. "Even though Francis's health now

appears to have recovered from a period of exhaustion, the group seems to have finally got to grips with the problem."

The decision to appoint Mr Martin Bouygues as deputy chairman also reflects the group's intention to keep a Bouygues at the top.

"It is interesting to see other leading French entrepreneurs taking similar steps to prepare their succession," the analyst adds. "Jean Luc Lagardere of Matra and Hachette is doing it with his son and Gilbert Frigand, the founder of Club Med-Meridienne, seems to have the same idea."

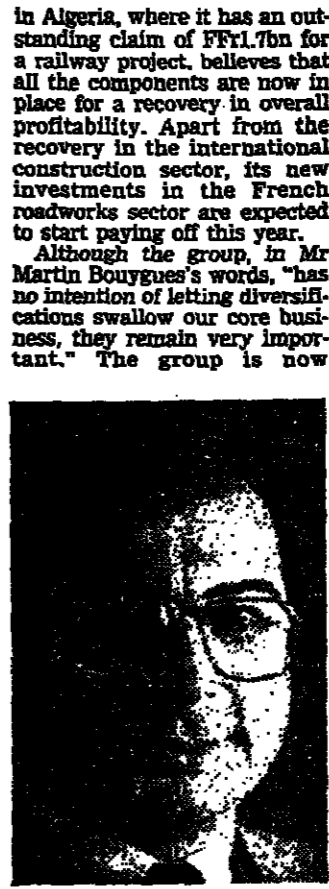
Apart from having always worked closely with his father, Mr Martin Bouygues also appears to have the advantage of being a team player who seems well placed to achieve a delicate consensus among the various "barons" running key branches of the Bouygues business and who inevitably nurture ambitions of their own.

Above all, however, he is likely to give the group a sense of continuity and already seems to be laying down the line when he says: "Construction will remain the core business of this group. It's the root of our company and even though we plan further diversifications we are not about to abandon our roots."

The last months have seen a recovery in Bouygues' international construction business. The company, which is working on the Channel Tunnel, the construction of two big tower blocks in Hong Kong, and the Casablanca mosque, is expected to win the contract to build the Agadir airport in Morocco. And it has just formed a joint venture in the Soviet Union to build a hotel.

Bouygues is also studying a series of airport and other hotel projects in the Soviet Union. But Mr Michel Debresse, head of Bouygues' FR30bn (£5.07bn) a year construction division, says the group's overall profitability remains "too low... boosting our level of profitability is a key priority."

Bouygues' profitability has hovered around 1 per cent of sales for some time. Profits this year are expected by analysts to total a little over FF600m on sales of around FF500m. But the company, which faces one major outstanding construction liability



Martin Bouygues: attack "had a very positive impact"

in Algeria, where it has an outstanding claim of FF1.7bn for a railway project, believes that all the components are now in place for a recovery in overall profitability. Apart from the recovery in the international construction sector, its new investments in the French roadworks sector are expected to start paying off this year.

Although the group, in Mr Martin Bouygues's words, "has no intention of letting diversifications swallow our core business, they remain very important." The group is now

planning to expand its Saur water distribution activities, especially in the UK, where it has already bid for three statutory water companies and is now looking according to Mr Martin Bouygues, at two or three other water groups.

But Bouygues' most ambitious and controversial diversification to date is undoubtedly its FF1.5bn investment in TF-1, France's leading privatised television network.

Mr Martin Bouygues again has no regrets about the investment in TF-1, even though it has considerably raised the group's public profile and exposed it to the appetites of stock market raiders. Indeed, TF-1 was widely seen as the main target of the stock market attack on the company two months ago.

It also prompted Mr Robert Maxwell, one of Bouygues' partners in the television venture, to acquire a stake of just under 5 per cent in the construction group to defend his interests in TF-1 and support Bouygues, according to the British publisher. But Bouygues claims the group never asked Mr Maxwell for help. Indeed, Mr Maxwell was subsequently deeply put out by Mr Francis Bouygues's decision to step down as chairman of TF-1 and appoint in his place Mr Patrick Le Lay, the network's managing director and a key member of the Bouygues management stable who from the beginning adopted an American-style approach to placing the priority on viewer ratings.

"We are not completely stupid in the cement industry," says Mr Martin Bouygues. "We felt TF-1 was a good business to be in and we intend to turn it into a very profitable popular family-oriented network." If TF-1 has turned Bouygues into a much more speculative stock than in the past, it says it now controls with its traditional friendly allies, including Credit Lyonnais and Compagnie Financiere de Suez, about 45 per cent of the TF-1's capital and 50 per cent of the voting rights.

"What makes Bouygues an even more difficult takeover target, according to Mr Martin Bouygues, is the group's peculiar personality. "As a company, we are a special case with our own special management and industrial approach. I don't see how you could simply come in and break this group up in pieces."

On the construction site of the Casablanca mosque there was a telling sign of Bouygues' highly individual approach. Outside the prefabricated administrative offices, a big poster painted in Bouygues orange colours listed the company's "12 commandments." Commandment four stated that at Bouygues "we work with fervour" and commandment six said: "We are a fighting community driven by a sense of challenge." Mr Francis Bouygues's own headquarters a corporate Versailles of glass and lakes in the outskirts of Paris, has also been named "Challenger." And at TF-1, Mr Bouygues has adapted his philosophy by pinning everyday in the network's lifts all the latest TV ratings much to the irritation of some of the channel's superstars.

Standard Chartered advertisement for US\$400,000,000 Floating Rate Notes (Series 3).

GRANVILLE SPONSORED SECURITIES table with columns for High, Low, Company, Price, Change, Div (p), Yield, % P/E.

Heineken talks with Bols spark speculation advertisement.

BNP to take 51% stake in bank rescue package advertisement.

Framatome to acquire US electrical group advertisement.

Kellogg Company notice of redemption for U.S. \$100,000,000 10% Notes due January 15, 1990.

Volkswagen Aktiengesellschaft sponsored American Depositary Receipt Program advertisement.

Caradon plc record interim results advertisement.

INTERNATIONAL COMPANIES AND FINANCE

Fletcher reveals 9.7% CSR stake

By Bruce Jacques in Sydney

FLETCHER CHALLENGE, New Zealand's biggest company, yesterday revealed itself as the second largest shareholder in CSR, the Australian building products, sugar and aluminium group.

It is believed CSR management was told of Fletcher's holding about a week ago. Mr Gene Herbert, deputy managing director, said in London yesterday: "They sought our approval and we were happy for them to do it."

mid uncertainty about CSR's share register caused by recent heavy turnover. Far from heightening takeover speculation, the news calmed the market yesterday and saw CSR shares fall 8 cents to A\$4.26.

CSR has undertaken a major rationalisation of its activities over the past few years," Mr Fletcher said, "and now has strong competitive positions in all the business in which it operates."

Barrack may double silicon project

Response to the Perth group's venture has proved positive. Kenneth Gooding reports

Response to a major silicon metal project - which will add about 4 per cent to current world supplies - planned by Barrack Mines, the Australian group, has been so positive the company already is considering doubling the size.

4,000 everyday products ranging from car cylinder heads and engine blocks and furniture polishes to surgical aids and cosmetics.

Even so, Barrack will become the biggest private user of electricity in Western Australia.

financial year will be double that of the previous 12 months, thanks to a jump in its gold output and high copper prices.

Barrack became involved in the A\$120m (US\$104.5m) project only a year ago but expects to have its plant at Kemerton, 165 km (102 miles) from Perth in Western Australia, in full production at an annual rate of 24,000 tonnes by 1990.

All three main raw materials required are within reach of the Kemerton plant. White quartzite comes from Barrack's quarry at Moore, 345 km from Kemerton, and the red sandstone to be used is charcoal produced from a unique native hardwood: Jarrah.

He points out that the feasibility of doubling production at substantially lower incremental capital and operating costs is currently under review and adds that world prices for silicon have risen by about 20 per cent in the year since Barrack acquired the project.

Mr Horgan, in Europe in connection with the listing of Barrack Mine shares in Brussels yesterday, says the company will continue an aggressive gold exploration policy and spend A\$3m this year in Australia and New Zealand, up from A\$6m in 1987-88.

Santos in offshore expansion

By Bruce Jacques in Sydney

SANTOS, Australia's largest offshore petroleum producer, has advanced its stated aim of becoming a force in the country's offshore oil search by figuring prominently in new exploration permits awarded by the Federal and Northern Territory governments.

now involved in 10 out of the 12 permits in the area.

significantly higher than originally estimated.

Aker, DnC seek support for sale of Saga stakes

By Karen Fossli in Oslo

THE BATTLE for Saga Petroleum, Norway's largest independent oil company, took a new twist yesterday when Aker and Den norske Creditbank, its two largest domestic shareholders, sought support for the sale of their stakes to Total Norsk Marine, the Norwegian subsidiary of Paris-based Total-CFP.

Statoil board clears venture with Himont

By Karen Fossli

THE BOARD of Statoil, the Norwegian state oil company, has approved its participation in a NKr1.6bn (€216.4m) joint venture project with Himont, the US-based polypropylene subsidiary of Italy's Ferruzzi-Montedison group.

Isuzu Motors to buy finance unit's shares

By Karen Fossli

ISUZU MOTORS has agreed to buy back before the end of 1988 most of the 51 per cent of Isuzu Motors Finance held by General Motors of the US for an undisclosed sum.

NEW ISSUE These securities having been sold, this announcement appears as a matter of record only. 30th November, 1988



البنك العقاري الكويتي

Kuwait Real Estate Bank

(Incorporated in Kuwait by Emiri Decree dated 13th May, 1973)

Kuwaiti Dinars 10,000,000

6 3/4% Bonds due 30th November, 1991

The National Bank of Kuwait S.A.K.

Kuwait Real Estate Bank K.S.C.

Al Ahli Bank of Kuwait K.S.C.

Bank of Bahrain and Kuwait B.S.C., Kuwait Branch

The Bank of Kuwait and the Middle East K.S.C.

The Gulf Bank K.S.C.

Gulf Investment Corporation

Kuwait International Investment Company s.a.k.

Securities Group S.A.K.

Securities House K.S.C.C.

U.S. \$125,000,000 GREAT LAKES FEDERAL FINANCING Collateralized Floating Rate Notes Series A due December 1997

Provinsbanken A/S U.S. \$60,000,000 Floating Rate Capital Notes 2000 For the six month period 6th December, 1988 to 6th June, 1989

To enhance its access to U.S. investors

Volkswagen Aktiengesellschaft

has established an American Depositary Receipt program sponsored by Morgan Guaranty Trust Company.

Volkswagen is the first West German company to undertake a sponsored program for ADR's. Sponsored programs have traditionally made foreign securities more attractive to U.S. investors and offer an excellent means of building a broader shareholder base.

J.P. Morgan is the world's leading ADR issuer, handling over 500 companies in 29 countries. For more information, contact Robert E. Thys, Vice President, in Brussels at (32-2) 508.84.30.

JPMorgan

JPMorgan

TOPS SERIES III LIMITED (Incorporated with limited liability in the Cayman Islands) U.S. \$110,000,000 Series III Floating Rate Trust Obligation Participation Securities due 1992

US\$125,000,000 First Chicago Corporation Floating Rate Subordinated Capital Notes Due December 1996

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, December 5, 1988. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Table with columns for Country, Currency, and exchange rates against US \$, D-MARK, and Yen. Includes countries like Afghanistan, Albania, Algeria, Andorra, Angola, etc.

Abbreviations: (a) Free rate; (b) Business rate; (c) Commercial rate; (d) Controlled rate; (e) Export rate; (f) Financial rate; (g) Export; (h) Non-commercial rate; (i) Business rate; (j) Buy rate; (k) Buy rate; (l) Buy rate; (m) Buy rate; (n) Buy rate; (o) Buy rate; (p) Buy rate; (q) Buy rate; (r) Buy rate; (s) Buy rate; (t) Buy rate; (u) Buy rate; (v) Buy rate; (w) Buy rate; (x) Buy rate; (y) Buy rate; (z) Buy rate; (aa) Buy rate; (ab) Buy rate; (ac) Buy rate; (ad) Buy rate; (ae) Buy rate; (af) Buy rate; (ag) Buy rate; (ah) Buy rate; (ai) Buy rate; (aj) Buy rate; (ak) Buy rate; (al) Buy rate; (am) Buy rate; (an) Buy rate; (ao) Buy rate; (ap) Buy rate; (aq) Buy rate; (ar) Buy rate; (as) Buy rate; (at) Buy rate; (au) Buy rate; (av) Buy rate; (aw) Buy rate; (ax) Buy rate; (ay) Buy rate; (az) Buy rate; (ba) Buy rate; (bb) Buy rate; (bc) Buy rate; (bd) Buy rate; (be) Buy rate; (bf) Buy rate; (bg) Buy rate; (bh) Buy rate; (bi) Buy rate; (bj) Buy rate; (bk) Buy rate; (bl) Buy rate; (bm) Buy rate; (bn) Buy rate; (bo) Buy rate; (bp) Buy rate; (bq) Buy rate; (br) Buy rate; (bs) Buy rate; (bt) Buy rate; (bu) Buy rate; (bv) Buy rate; (bw) Buy rate; (bx) Buy rate; (by) Buy rate; (bz) Buy rate; (ca) Buy rate; (cb) Buy rate; (cc) Buy rate; (cd) Buy rate; (ce) Buy rate; (cf) Buy rate; (cg) Buy rate; (ch) Buy rate; (ci) Buy rate; (cj) Buy rate; (ck) Buy rate; (cl) Buy rate; (cm) Buy rate; (cn) Buy rate; (co) Buy rate; (cp) Buy rate; (cq) Buy rate; (cr) Buy rate; (cs) Buy rate; (ct) Buy rate; (cu) Buy rate; (cv) Buy rate; (cw) Buy rate; (cx) Buy rate; (cy) Buy rate; (cz) Buy rate; (da) Buy rate; (db) Buy rate; (dc) Buy rate; (dd) Buy rate; (de) Buy rate; (df) Buy rate; (dg) Buy rate; (dh) Buy rate; (di) Buy rate; (dj) Buy rate; (dk) Buy rate; (dl) Buy rate; (dm) Buy rate; (dn) Buy rate; (do) Buy rate; (dp) Buy rate; (dq) Buy rate; (dr) Buy rate; (ds) Buy rate; (dt) Buy rate; (du) Buy rate; (dv) Buy rate; (dw) Buy rate; (dx) Buy rate; (dy) Buy rate; (dz) Buy rate; (ea) Buy rate; (eb) Buy rate; (ec) Buy rate; (ed) Buy rate; (ee) Buy rate; (ef) Buy rate; (eg) Buy rate; (eh) Buy rate; (ei) Buy rate; (ej) Buy rate; (ek) Buy rate; (el) Buy rate; (em) Buy rate; (en) Buy rate; (eo) Buy rate; (ep) Buy rate; (eq) Buy rate; (er) Buy rate; (es) Buy rate; (et) Buy rate; (eu) Buy rate; (ev) Buy rate; (ew) Buy rate; (ex) Buy rate; (ey) Buy rate; (ez) Buy rate; (fa) Buy rate; (fb) Buy rate; (fc) Buy rate; (fd) Buy rate; (fe) Buy rate; (ff) Buy rate; (fg) Buy rate; (fh) Buy rate; (fi) Buy rate; (fj) Buy rate; (fk) Buy rate; (fl) Buy rate; (fm) Buy rate; (fn) Buy rate; (fo) Buy rate; (fp) Buy rate; (fq) Buy rate; (fr) Buy rate; (fs) Buy rate; (ft) Buy rate; (fu) Buy rate; (fv) Buy rate; (fw) Buy rate; (fx) Buy rate; (fy) Buy rate; (fz) Buy rate; (ga) Buy rate; (gb) Buy rate; (gc) Buy rate; (gd) Buy rate; (ge) Buy rate; (gf) Buy rate; (gg) Buy rate; (gh) Buy rate; (gi) Buy rate; (gj) Buy rate; (gk) Buy rate; (gl) Buy rate; (gm) Buy rate; (gn) Buy rate; (go) Buy rate; (gp) Buy rate; (gq) Buy rate; (gr) Buy rate; (gs) Buy rate; (gt) Buy rate; (gu) Buy rate; (gv) Buy rate; (gw) Buy rate; (gx) Buy rate; (gy) Buy rate; (gz) Buy rate; (ha) Buy rate; (hb) Buy rate; (hc) Buy rate; (hd) Buy rate; (he) Buy rate; (hf) Buy rate; (hg) Buy rate; (hh) Buy rate; (hi) Buy rate; (hj) Buy rate; (hk) Buy rate; (hl) Buy rate; (hm) Buy rate; (hn) Buy rate; (ho) Buy rate; (hp) Buy rate; (hq) Buy rate; (hr) Buy rate; (hs) Buy rate; (ht) Buy rate; (hu) Buy rate; (hv) Buy rate; (hw) Buy rate; (hx) Buy rate; (hy) Buy rate; (hz) Buy rate; (ia) Buy rate; (ib) Buy rate; (ic) Buy rate; (id) Buy rate; (ie) Buy rate; (if) Buy rate; (ig) Buy rate; (ih) Buy rate; (ii) Buy rate; (ij) Buy rate; (ik) Buy rate; (il) Buy rate; (im) Buy rate; (in) Buy rate; (io) Buy rate; (ip) Buy rate; (iq) Buy rate; (ir) Buy rate; (is) Buy rate; (it) Buy rate; (iu) Buy rate; (iv) Buy rate; (iw) Buy rate; (ix) Buy rate; (iy) Buy rate; (iz) Buy rate; (ja) Buy rate; (jb) Buy rate; (jc) Buy rate; (jd) Buy rate; (je) Buy rate; (jf) Buy rate; (jg) Buy rate; (jh) Buy rate; (ji) Buy rate; (jj) Buy rate; (jk) Buy rate; (jl) Buy rate; (jm) Buy rate; (jn) Buy rate; (jo) Buy rate; (jp) Buy rate; (jq) Buy rate; (jr) Buy rate; (js) Buy rate; (jt) Buy rate; (ju) Buy rate; (jv) Buy rate; (jw) Buy rate; (jx) Buy rate; (jy) Buy rate; (jz) Buy rate; (ka) Buy rate; (kb) Buy rate; (kc) Buy rate; (kd) Buy rate; (ke) Buy rate; (kf) Buy rate; (kg) Buy rate; (kh) Buy rate; (ki) Buy rate; (kj) Buy rate; (kk) Buy rate; (kl) Buy rate; (km) Buy rate; (kn) Buy rate; (ko) Buy rate; (kp) Buy rate; (kq) Buy rate; (kr) Buy rate; (ks) Buy rate; (kt) Buy rate; (ku) Buy rate; (kv) Buy rate; (kw) Buy rate; (kx) Buy rate; (ky) Buy rate; (kz) Buy rate; (la) Buy rate; (lb) Buy rate; (lc) Buy rate; (ld) Buy rate; (le) Buy rate; (lf) Buy rate; (lg) Buy rate; (lh) Buy rate; (li) Buy rate; (lj) Buy rate; (lk) Buy rate; (ll) Buy rate; (lm) Buy rate; (ln) Buy rate; (lo) Buy rate; (lp) Buy rate; (lq) Buy rate; (lr) Buy rate; (ls) Buy rate; (lt) Buy rate; (lu) Buy rate; (lv) Buy rate; (lw) Buy rate; (lx) Buy rate; (ly) Buy rate; (lz) Buy rate; (ma) Buy rate; (mb) Buy rate; (mc) Buy rate; (md) Buy rate; (me) Buy rate; (mf) Buy rate; (mg) Buy rate; (mh) Buy rate; (mi) Buy rate; (mj) Buy rate; (mk) Buy rate; (ml) Buy rate; (mm) Buy rate; (mn) Buy rate; (mo) Buy rate; (mp) Buy rate; (mq) Buy rate; (mr) Buy rate; (ms) Buy rate; (mt) Buy rate; (mu) Buy rate; (mv) Buy rate; (mw) Buy rate; (mx) Buy rate; (my) Buy rate; (mz) Buy rate; (na) Buy rate; (nb) Buy rate; (nc) Buy rate; (nd) Buy rate; (ne) Buy rate; (nf) Buy rate; (ng) Buy rate; (nh) Buy rate; (ni) Buy rate; (nj) Buy rate; (nk) Buy rate; (nl) Buy rate; (nm) Buy rate; (no) Buy rate; (np) Buy rate; (nq) Buy rate; (nr) Buy rate; (ns) Buy rate; (nt) Buy rate; (nu) Buy rate; (nv) Buy rate; (nw) Buy rate; (nx) Buy rate; (ny) Buy rate; (nz) Buy rate; (oa) Buy rate; (ob) Buy rate; (oc) Buy rate; (od) Buy rate; (oe) Buy rate; (of) Buy rate; (og) Buy rate; (oh) Buy rate; (oi) Buy rate; (oj) Buy rate; (ok) Buy rate; (ol) Buy rate; (om) Buy rate; (on) Buy rate; (oo) Buy rate; (op) Buy rate; (oq) Buy rate; (or) Buy rate; (os) Buy rate; (ot) Buy rate; (ou) Buy rate; (ov) Buy rate; (ow) Buy rate; (ox) Buy rate; (oy) Buy rate; (oz) Buy rate; (pa) Buy rate; (pb) Buy rate; (pc) Buy rate; (pd) Buy rate; (pe) Buy rate; (pf) Buy rate; (pg) Buy rate; (ph) Buy rate; (pi) Buy rate; (pj) Buy rate; (pk) Buy rate; (pl) Buy rate; (pm) Buy rate; (pn) Buy rate; (po) Buy rate; (pp) Buy rate; (pq) Buy rate; (pr) Buy rate; (ps) Buy rate; (pt) Buy rate; (pu) Buy rate; (pv) Buy rate; (pw) Buy rate; (px) Buy rate; (py) Buy rate; (pz) Buy rate; (qa) Buy rate; (qb) Buy rate; (qc) Buy rate; (qd) Buy rate; (qe) Buy rate; (qf) Buy rate; (qg) Buy rate; (qh) Buy rate; (qi) Buy rate; (qj) Buy rate; (qk) Buy rate; (ql) Buy rate; (qm) Buy rate; (qn) Buy rate; (qo) Buy rate; (qp) Buy rate; (qq) Buy rate; (qr) Buy rate; (qs) Buy rate; (qt) Buy rate; (qu) Buy rate; (qv) Buy rate; (qw) Buy rate; (qx) Buy rate; (qy) Buy rate; (qz) Buy rate; (ra) Buy rate; (rb) Buy rate; (rc) Buy rate; (rd) Buy rate; (re) Buy rate; (rf) Buy rate; (rg) Buy rate; (rh) Buy rate; (ri) Buy rate; (rj) Buy rate; (rk) Buy rate; (rl) Buy rate; (rm) Buy rate; (rn) Buy rate; (ro) Buy rate; (rp) Buy rate; (rq) Buy rate; (rr) Buy rate; (rs) Buy rate; (rt) Buy rate; (ru) Buy rate; (rv) Buy rate; (rw) Buy rate; (rx) Buy rate; (ry) Buy rate; (rz) Buy rate; (sa) Buy rate; (sb) Buy rate; (sc) Buy rate; (sd) Buy rate; (se) Buy rate; (sf) Buy rate; (sg) Buy rate; (sh) Buy rate; (si) Buy rate; (sj) Buy rate; (sk) Buy rate; (sl) Buy rate; (sm) Buy rate; (sn) Buy rate; (so) Buy rate; (sp) Buy rate; (sq) Buy rate; (sr) Buy rate; (ss) Buy rate; (st) Buy rate; (su) Buy rate; (sv) Buy rate; (sw) Buy rate; (sx) Buy rate; (sy) Buy rate; (sz) Buy rate; (ta) Buy rate; (tb) Buy rate; (tc) Buy rate; (td) Buy rate; (te) Buy rate; (tf) Buy rate; (tg) Buy rate; (th) Buy rate; (ti) Buy rate; (tj) Buy rate; (tk) Buy rate; (tl) Buy rate; (tm) Buy rate; (tn) Buy rate; (to) Buy rate; (tp) Buy rate; (tq) Buy rate; (tr) Buy rate; (ts) Buy rate; (tt) Buy rate; (tu) Buy rate; (tv) Buy rate; (tw) Buy rate; (tx) Buy rate; (ty) Buy rate; (tz) Buy rate; (ua) Buy rate; (ub) Buy rate; (uc) Buy rate; (ud) Buy rate; (ue) Buy rate; (uf) Buy rate; (ug) Buy rate; (uh) Buy rate; (ui) Buy rate; (uj) Buy rate; (uk) Buy rate; (ul) Buy rate; (um) Buy rate; (un) Buy rate; (uo) Buy rate; (up) Buy rate; (uq) Buy rate; (ur) Buy rate; (us) Buy rate; (ut) Buy rate; (uu) Buy rate; (uv) Buy rate; (uw) Buy rate; (ux) Buy rate; (uy) Buy rate; (uz) Buy rate; (va) Buy rate; (vb) Buy rate; (vc) Buy rate; (vd) Buy rate; (ve) Buy rate; (vf) Buy rate; (vg) Buy rate; (vh) Buy rate; (vi) Buy rate; (vj) Buy rate; (vk) Buy rate; (vl) Buy rate; (vm) Buy rate; (vn) Buy rate; (vo) Buy rate; (vp) Buy rate; (vq) Buy rate; (vr) Buy rate; (vs) Buy rate; (vt) Buy rate; (vu) Buy rate; (vv) Buy rate; (vw) Buy rate; (vx) Buy rate; (vy) Buy rate; (vz) Buy rate; (wa) Buy rate; (wb) Buy rate; (wc) Buy rate; (wd) Buy rate; (we) Buy rate; (wf) Buy rate; (wg) Buy rate; (wh) Buy rate; (wi) Buy rate; (wj) Buy rate; (wk) Buy rate; (wl) Buy rate; (wm) Buy rate; (wn) Buy rate; (wo) Buy rate; (wp) Buy rate; (wq) Buy rate; (wr) Buy rate; (ws) Buy rate; (wt) Buy rate; (wu) Buy rate; (wv) Buy rate; (ww) Buy rate; (wx) Buy rate; (wy) Buy rate; (wz) Buy rate; (xa) Buy rate; (xb) Buy rate; (xc) Buy rate; (xd) Buy rate; (xe) Buy rate; (xf) Buy rate; (xg) Buy rate; (xh) Buy rate; (xi) Buy rate; (xj) Buy rate; (xk) Buy rate; (xl) Buy rate; (xm) Buy rate; (xn) Buy rate; (xo) Buy rate; (xp) Buy rate; (xq) Buy rate; (xr) Buy rate; (xs) Buy rate; (xt) Buy rate; (xu) Buy rate; (xv) Buy rate; (xw) Buy rate; (xy) Buy rate; (xz) Buy rate; (ya) Buy rate; (yb) Buy rate; (yc) Buy rate; (yd) Buy rate; (ye) Buy rate; (yf) Buy rate; (yg) Buy rate; (yh) Buy rate; (yi) Buy rate; (yj) Buy rate; (yk) Buy rate; (yl) Buy rate; (ym) Buy rate; (yn) Buy rate; (yo) Buy rate; (yp) Buy rate; (yq) Buy rate; (yr) Buy rate; (ys) Buy rate; (yt) Buy rate; (yu) Buy rate; (yv) Buy rate; (yw) Buy rate; (yx) Buy rate; (yy) Buy rate; (yz) Buy rate; (za) Buy rate; (zb) Buy rate; (zc) Buy rate; (zd) Buy rate; (ze) Buy rate; (zf) Buy rate; (zg) Buy rate; (zh) Buy rate; (zi) Buy rate; (zj) Buy rate; (zk) Buy rate; (zl) Buy rate; (zm) Buy rate; (zn) Buy rate; (zo) Buy rate; (zp) Buy rate; (zq) Buy rate; (zr) Buy rate; (zs) Buy rate; (zt) Buy rate; (zu) Buy rate; (zv) Buy rate; (zw) Buy rate; (zx) Buy rate; (zy) Buy rate; (zz) Buy rate;

INTL CAPITAL MARKETS

Dealers' attention turns to league-table ranking

By Norma Cohen. PRE-CHRISTMAS torpor is rapidly descending on the Eurobond markets, although a handful of new issues emerged. Aside from the primary market, attention has now focused on the all-important league tables which rank firms according to the volume of Eurobonds they underwrite each year.

According to one compiler of the tables, the places of the five firms is not in doubt. But the figures show there are only \$60m in new issues between the 10th and the sixth ranked firms as of last Friday, suggesting that competition this year is very tight.

In the case of the eighth and seventh ranked firms, J.P. Morgan and Banque Paribas, less than \$1m divided the two. Certainly, a new sobriety has overtaken the Eurobond markets in the past year - far fewer issues are deemed to be mispriced or distributed heavily. But that does not mean firms have abandoned the perennial jockeying to be seen as the leading figure in a highly technical and competitive business.

INTERNATIONAL BONDS

To earn fee income is the lead manager, which typically helps itself to a prescription of a fee off the top of other co-managers' fees. If a firm is limited to the role of co-manager, it can hope for little from the new issue business except for trading profits. But the new issue business, while slow, is not dormant. Yesterday, J.P. Morgan, a subsidiary of Industrial Bank of Japan, issued a \$200m four-year Eurobond via its London-based securities subsidiary. The bonds, carrying a coupon

of 9% per cent, were priced at 101.45 to yield 41 basis points over Treasuries. Funds were believed to be swapped into floating-rate dollars, achieving funds some 15 to 20 basis points under London interbank offered rates.

Also in the primary market was a \$200m five-year Eurobond for City of Copenhagen, lead managed by Deutsche Bank Capital Markets. The entire sector has benefited recently from investor's distaste for US dollars, rising nearly a half-point on one day last week.

Dealers characterised the issue as somewhat tight, saying that the spread, estimated by them as 40 basis points over governments, should have been slightly higher. But Deutsche Bank said it calculated the yield at 45 basis points over governments and said it had re-placed a good part of the issue with institutional investors. The placement and the securities' AA+/AA- credit rating should help to overcome any investor concerns.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Book number. Includes issuers like BNP Paribas, Citicorp, etc.

FT INTERNATIONAL BOND SERVICE

Large table with columns: US DOLLAR, YIELD, etc. Lists various bond issues and their yields.

TRADE INDEMNITY CREDIT RISK MANAGEMENT SERVICES 01-739 4311

Advertisement for Trade Indemnity Credit Risk Management Services, featuring the 'WARD' logo and details of a US\$60,000,000 Back-Stop Revolving Facility.

Accountancy Appointments Appear Every Thursday

The Export-Import Bank of Korea Floating Rate Notes due 1995. Includes details about the bank and the notes.

Bank America Corporation U.S. \$400,000,000 Floating Rate Subordinated Capital Notes Due 1997. Includes details about the bank and the notes.

Victoria Hall Company Limited U.S. \$1,000,000 Guaranteed Floating Rate Notes Due 1992

By: The Chase Manhattan Bank, N.A. London, Agent Bank

Bank of America International Limited

INTERNATIONAL CAPITAL MARKETS

GOVERNMENT BONDS

US Treasuries recover from falls

By Janet Bush in New York and Stephen Fidler and Norma Cohen in London

US TREASURY bonds stabilised yesterday, after Friday's sharp losses, as investors sought to strengthen their portfolios...

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Bid Date, Price, Change, Yield, Week ago, Month ago. Rows include UK GILT, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

London closing, "London New York morning session"...

Matra and Hachette in perpetual note issues

By Our Financial Staff MATRA, the French arms-to-electronics group, and Hachette, the French publishing house, are to issue \$250m...

There is a consensus that the Fed has already begun to tolerate a higher Fed funds rate...

THE UK government bond market posted modest gains of 1/4 point or more...

THE JAPANESE government bond market showed resistance to further gains as the yield on the benchmark No. 105 bond...

NatWest to buy French broker

NATIONAL Westminster Bank is expected to announce the acquisition today of Sellier SA, the Paris-based stockbroker firm...

Norway acts on currency loans

NORWAY announced yesterday the details of a modest liberalisation of credit market policy...

NEW ZEALAND government bonds slipped slightly, shrugging off a 1/4 point rise in the prime lending rate...

However, Finance Ministry and central bank officials said yesterday there was scope for including more companies and for qualifying more banks to undertake such transactions...

Have your F.T. hand delivered... HELSINKI & ESPOO Helsinkki (90) 694 0417 And ask for details. FINANCIAL TIMES Europe's Business Newspaper

12 issues free when you first subscribe to the Financial Times. When you take out your first subscription to the FT, we'll send you 12 issues free...

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Monday December 5 1988, Fri Dec 2, Thu Dec 1, Wed Dec 30, Year ago. Rows include CAPITAL GOODS, BUILDING MATERIALS, CONTRACTING, etc.

LONDON MARKET STATISTICS

Table with columns: RISES AND FALLS YESTERDAY, British Funds, Corporations, etc.

LONDON RECENT ISSUES

Table with columns: EQUITIES, Issue Price, Amount, etc. Rows include Anglo-Continental, Anglo-Continental, etc.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount, etc. Rows include 1000, 1000, etc.

RIGHTS OFFERS

Table with columns: Issue Price, Amount, etc. Rows include 10, 10, etc.

TRADITIONAL OPTIONS

Table with columns: Issue Price, Amount, etc. Rows include 10, 10, etc.

Travelling on Business in Germany? Enjoy reading your complimentary copy of the Financial Times when you're staying... in Frankfurt at the Arabella Hotel, in München at the Arabella Hotel, in Düsseldorf at the Holiday Inn, etc.

Actuarial Index 1767.9, 10 am 1762.6, 11 am 1760.3, Noon 1749.4, 1 pm 1747.4, 2 pm 1751.1, 3 pm 1751.4, 4 pm 1759.3, 4.05 pm 1760.3

EMBER 6 1988
58m
oles
to a central com
strategy of targeting
networks as one of
telecommunications
for the future
the strategy
CEO Strategy
one of the main
this bid is to
digital exchange
rea STC is no
Gerstein, manager
of STC Telecom, said
and acquisition
a route into the
for Comsat has
much of our
enquiry systems
lated products
a way for
to large US
such as AT&T, N
a lot of
not sold

uary
w 10 per cent
ster said the company
decided how much
raise through a
banned to provide
production. The
age has given
NPD to seek up
has increased
from 47.5m in
after the
last year's
profits of
year to October
company is
on the
This is
er than
the
and
been

INGS

PERFORMANCE	1988	1987
Revenue	1,200	1,100
Profit	150	140
Dividend	80	75
EPS	1.20	1.10
Dividend Yield	6.7%	6.3%
P/E Ratio	10.0	10.0

ster Bank Group
Midland Bank
London Bank
Bristol Bank
Bank Limited
Bank of Canada



THE TEAM ON THE MOVE.

If you are an investor, a potential investor, or an analyst, and would like a copy of our brochure, 'Taylor Woodrow: A Corporate Profile', please write to Investor Relations, Taylor Woodrow plc, 345 Ruislip Road, Southall, Middlesex UB1 2QX or telephone: 01-575 4158.



This advertisement is issued by Taylor Woodrow plc and approved for the purposes of Section 57 of the Financial Services Act 1986 by J. Henry Schroder Wagg & Co. Limited, financial adviser to Taylor Woodrow plc and a member of TSA. Shares can go down as well as up.

UK COMPANY NEWS

Expanding Alexon rises to £5.5m

By Alice Rawsthorn

ALEXON, the clothing group which acquired Ellis & Goldstein earlier this year, yesterday announced a 30 per cent increase in interim pre-tax profits from £4.23m to £5.51m.

Mr Peter Wiegand, chairman, said the established businesses had shown growth in both sales and profits, while the restructuring and integration of E & G was progressing to plan.

Group turnover rose to £46.84m (28.81m) and operating profits to £5.57m (£4.23m) in the six months to September 24.

Alexon is withdrawing from E & G's loss-making activities. Yesterday it announced the sale of the Deyra women's wear brand to its management and an Eastex blouse factory in Kent.

COMMENT

For years Alexon has earned the laurels of one of the stars of the textile sector by gleaming organic growth from its established businesses. It must now prove that it can apply the lessons learnt at Claremont to Cohen and at Alexon to Eastex, while maintaining momentum at Dash.

SI aims to discover home of big stake

By Andrew Hill

SI GROUP, manufacturer of drinks dispensing equipment, is trying to find out the beneficial owner or owners of a large tranche of shares which changed hands on Friday.

At the end of October, SI announced an increase in first-half losses from £267,000 to £323,000 before tax. It plans to restructure and concentrate on the core drinks dispensing operation.

Sharp increase at Reject Shop to £227,000

The first interim results of the Reject Shop since its June flotation on the USM showed pre-tax profits up sharply from £49,000 to £227,000.

After tax of £84,000 (£18,000) earnings per 5p share were 1.37p (0.54p). As stated at the time of the flotation, there is an interim dividend of 1.05p.

Mr Jack Aaronson, chairman, pointed out that traditionally the larger part of the company's profit was earned in the second half.

Sterling Publishing at £0.52m

USM-QUOTED Sterling Publishing Group achieved a sharp increase in pre-tax profits from £202,000 to £522,000 in the six months to September 30 1988, on turnover 73 per cent higher at £5.98m.

The latest period includes the results of Debut's Peersage, Cornhill Publications and SF Publications, all of which were acquired after September 30 1987 and are included on an acquisition accounting basis.

any had put the group on target to meet its financial objectives for the current year.

Turnover almost doubled to £19.05m, and interest charges rose to £365,000 (£23,000). After tax of £270,000 (£196,000), earnings per 5p share worked through at 9.5p (5.4p).

Mr Norman Gardner, chairman, said the Kaye (Pres-teigne) subsidiary had extended its foundry. This would enable it to take advantage of a strong order book.

Mr Eric Grayson, Geovor chairman, said the two shareholders - St James House Nominees, with 15.3 per cent, and Langtry International, with 6.8 per cent - were vendors of Mainband and had been "passive financial investors" in that company.

Lexicon whittles losses

LEXICON, US electronic equipment maker with a London listing, reported it was breaking even in the last few months of its year with losses for the 12 months to the end of August falling from \$971,000 to \$906,000 (\$484,000).

Directors said the improvements in both sales and gross margins reflected consistent sales volume for the high-end digital effects processors and broadcast products.

Morris Ashby rises 64% to £550,000

On turnover up 45 per cent to £4.99m, Morris Ashby lifted taxable profits 64 per cent to £550,000.

Benlox stake

An 18.64 per cent stake in Benlox, construction and industrial group, has been acquired in the name of Fortledge. Steger Finanz/Swiss investment company last month sold its 7.65 per cent holding in the Benlex.

However after a lower tax credit of \$365,000 (\$731,000) losses per 1 cent share were doubled at 0.06 cents. In view of the favourable outlook, the directors have proposed an unchanged nominal final dividend of 0.25 cents.

Mr Norman Gardner, chairman, said the Kaye (Pres-teigne) subsidiary had extended its foundry. This would enable it to take advantage of a strong order book.

Geovor gets two major holders with Mainband

By Kenneth Gooding, Mining Correspondent

Geovor, the former Cornish tin-mining group which has been expanding its coal interests, has two new major shareholders following completion of its \$5m acquisition of the Mainband Colliery in Cumbria.

Mr Eric Grayson, Geovor chairman, said the two shareholders - St James House Nominees, with 15.3 per cent, and Langtry International, with 6.8 per cent - were vendors of Mainband and had been "passive financial investors" in that company.

ACFC Corporate Finance Limited and its holding company Met Life (UK) Limited have raised £30,000,000 by way of a medium term transferable loan facility. Arranged and provided by Canadian Imperial Bank of Commerce.

PIONEER ELECTRONIC CORPORATION Notice is hereby given to holders of CDR's issued by Caribbean Depository Company N.V., Curaçao, evidencing shares in the above company that the company's convocation notice of the 42nd ordinary general meeting of shareholders of common stock to be held on December 15, 1988 may be obtained from: Pierson, Heiding & Pierson N.V. Herengracht 214 1018 BS Amsterdam and The Bank of Tokyo Ltd. established in: Tokyo, Bruxelles, London, Düsseldorf, Paris and New York. Amsterdam, November 30, 1988.

ROCKWARE GROUP plc (Registered in England No. 181642) Placing and Offer to Shareholders of 15,000,000 7.25 per cent. Convertible Cumulative Redeemable Second Preference Shares of £1 each at par. Permission has been granted by the Council of The Stock Exchange for admission of the 7.25 per cent, convertible cumulative redeemable second preference shares of £1 each to the Official List.

Vertical text on the left margin: IBER 6 1988, 03m, 16%, CC, 16%, iv

Advertisement for Gold Maple Leaf coins. Text: 'You can start small', 'You can start big', 'Keep adding to your portfolio', 'A bit at a birthday', 'Use your tax refund', 'Money left over when buying a car', 'Build up a golden reserve'. Includes images of gold coins.

Most wise investors hold from 10 to 15% of their investment portfolio in gold. They know that gold can anchor their portfolio, as history has proven that gold is the ultimate store of value. But, when you buy gold, you also want the assurance that you can trade it discretely for cash on demand at its full value. As the largest-selling bullion investment coin, the Gold Maple Leaf can meet this demand. Each Gold Maple Leaf coin is 999.9/1000 fine pure gold, and is legal tender at its face value. Independent tests have even shown that the Royal Canadian Mint gives a little gold away to guarantee each coin's minimum weight. Because of the large numbers sold, its unquestioned reputation, and the government guarantee of weight and purity control, the Gold Maple Leaf is now a standard by which other gold products are measured. When you buy Gold Maple Leaf coins, you can be sure that you can easily and discretely obtain cash for them wherever gold is traded. There is no time-consuming and costly assay usually required with other forms of gold that do not enjoy universal recognition. Be sure to weigh the advantages of the Gold Maple Leaf - all of which add up to make it, with over 11 million ounces sold, the best-selling investment coin in the world today. And, just maybe worth even more to you than its weight in gold.



The Gold Maple Leaf. The world's gold coin standard.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange of the United Kingdom and Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an offer or an invitation to any person to subscribe for or to purchase any securities. Application has been made to the Council of The Stock Exchange for all of the 9.75 per cent First Cumulative Redeemable Preference Shares 2013 to be admitted to the Official List.



EGERTON TRUST PLC

(Incorporated in England under the Companies Act 1908 to 1917 with registered number 172000)

PLACING BY JAMES CAPEL & CO. LIMITED

of 10,000,000 9.75 per cent First Cumulative Redeemable Preference Shares 2013 of £1 each at par

Listing particulars relating to Egerton Trust PLC are available in the statistical services of Exel Financial Limited and copies may be obtained during normal business hours on any weekday, Saturdays and public holidays excepted, up to and including 8 December, 1988 from the Company Announcements Office of The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD and up to and including 20 December, 1988 from:

Egerton Trust PLC 9 Chesterfield Street London W1X 7HF

James Capel & Co. Limited 6 Devonshire Square London EC2M 4LB

6 December, 1988

UK COMPANY NEWS

Raised offer wins over Allied Irish US affiliate

By David Lascelles, Banking Editor
ALLIED IRISH Bank has secured agreement to purchase the remaining 51 per cent of First Maryland Bancorp, its US affiliate, after raising its offer by 11 per cent. The banks yesterday announced agreement on a price of \$39.25 a share, up from \$35.24 offered by Allied Irish in September, which was rejected. This raises the cost of acquiring the stake to \$371m (£198.4m). The new deal will have to be approved at an extraordinary general meeting. The acquisition is intended to consolidate the Irish bank's US position and provide it with an avenue for expansion. The combined bank will have gross assets of about £14bn. The acquisition will be funded partly by the £110m rights issue announced in September. The Dublin-based bank said yesterday that it estimated that in the first full year of combined operations in 1989-90, there would be no dilution in earnings per share.

Nigerian exposure likely to hit Paterson Zochonis

By Andrew Hill
EXPOSURE TO Nigeria looks likely to hit first-half profits at Paterson Zochonis, the West African trader and manufacturer of toiletries and detergents. The group - which owns Cussons, the maker of Imperial Leather soap - warned yesterday that results for the half-year to November 30 would probably be lower than in the equivalent period, when reported pre-tax profits were down 27 per cent to £11.9m. In 1987-88, the company blamed the drop on the low level of consumer demand in

Nigeria, which accounts for about 25 per cent of profits. This time, the main culprit is the Nigerian naira which has fallen 23 per cent against sterling since Paterson's May year-end, compared with 8 per cent in the whole of 1987-88. The adverse exchange rate will cut profits on translation into sterling despite Paterson's confidence in the last report and accounts that first-half profits would be "broadly in line" with the equivalent period. Mr Alan Whittaker, Paterson's finance director, said the

latest knock would not shake the group's commitment to Nigeria, which is heavily reliant on oil. Paterson still believes the country's economy will recover in the longer term to provide a steady stream of income for the company. Analysts seemed generally sympathetic yesterday, although some have cut 1988-89 profits forecasts for the group from £25m to £22m before tax, against 1987-88 pre-tax profits of £24.2m. Paterson's shares - about 65 per cent of which are held by the Zochonis family - fell 7p to 308p.

Demand lifts Brown & Tawse to £4.51m

STRONG DEMAND across the product range at Brown & Tawse Group ensured a 28 per cent increase in pre-tax profits from £3.52m to £4.51m in the six months to the end of September. Turnover at this distributor of steel and pipeline products advanced 19 per cent to £81.23m (£68.23m) and, with the tax charge ahead at £1.58m (£1.33m), earnings per 35p share worked through at 10.2p (8p). The interim dividend is raised to 2.85p (2.4p). Mr Gilbert Black, chairman, said that, despite the significant increase in the interest charge from £546,000 to £811,000, margins had continued to widen. He said that recent acquisitions and new branches had reinforced the sales growth and had sustained the profit momentum. He added that the second half had started well and that prospects for the full year were good.

Claythite doubles to £1.83m

CLAYTHITE, the provider of finance and management and developer of land and property previously known as Betec, doubled its profits in the six months to September 30. The taxable figure, up from £914,000 to £1.83m, was struck on turnover increased by £1.71m to £13.01m. Tax took £501,000 (£272,000) and earnings

came out at 7.79p (3.77p) undiluted and 7.19p (3.49p) fully diluted. The interim dividend has been doubled to 1.5p. Mr John Jones, chairman, said profits had increased in both divisions. The active investment division - which acquires substantial equity in businesses with good, but not

fully realised, potential and then applies management and, where necessary, funds to fulfil that potential - had continued to make further progress. In the period, Claythite had acquired a 35 per cent interest in IFG Securities, a Dublin-based management, investment and financial services group.

COMPANY NEWS IN BRIEF

CI GROUP: Recent open offer accepted in respect of 2.4m shares. Balance of 4.74m (approximately 98.4 per cent) to be purchased by conditional places.
CAMFORD ENGINEERING plans to relocate the manufacturing facilities of its Stevenage-based subsidiary, Geo W King, to a new site. The present site is thought to have a net sale value of about £2m, but a price above this figure will be sought. Talks are at an advanced stage to acquire another Stevenage site.
DAILY MAIL and General Trust's offer for Associated Newspapers Holdings has been declared unconditional, but remains open for acceptance. At 5pm on December 2, Daily Mail owned, had contracted to purchase, or had acceptances for 128.88m shares (96.36 per cent).
DALEPAK FOODS has purchased Arnold Worsley & Sons (Barnsley) for £175,000 cash.
Worsley makes a range of chilled cooked meats and pies for the retail and catering trades. Sales for the year to April 30 1988 were £2.4m.
DIPLOMA has acquired 75 per cent of the ordinary voting share capital and all the preference share capital of Engineering Computer Services, a hardware and software distributor, for an initial consideration of £3.15m cash. Further payment up to £1m depends on ECS profits over the next two years. There are options, exercisable in six to seven years, over the remaining ordinary voting share capital.
ELDRIDGE POPE AND CO has purchased Quintus Leisure, operator of the Manor Lodge public house and restaurant, Dorset. The consideration of £148,809 is approximately the net assets at July 31 1988 and has been satisfied by the issue of 25,532 'A' (restricted voting) ordinary shares in Eldridge.
HIGHLAND PARTICIPANTS has revised its pre-tax profit forecast for 1988 from not less than £3.5m to not less than £4.5m to take account of the proceeds of the July rights issue.
INCHCAPE is selling Gray Dawes Travel, city travel agency to its management. Profits were £504,000 on sales of £21m in 1987. Total consideration represents less than 1 per cent of the consolidated net assets at December 31 1987.
INTERNATIONAL BUSINESS Communications subsidiary Barham Group is selling its Smedley McAlpine business and its non-trading subsidiaries to its management for £974,239 cash.
LOPEX has acquired Harvest Information Services for £70,000 cash and has increased its holding in the Alliance Advertising Agency, Sweden, to 60 per cent. Lopex has invested SKr1.5m (£135,000) of new capital and the company will now be called Strongreg/Alliance.
NESCO's open offer of 1.75m new ordinary at 100p closed on November 29 and it has also completed the acquisition of DCS Group. Of the 806,913 offer shares available for recall, 204,586 were taken up by shareholders. The remainder of the offer shares, 1.14m in respect of which undertakings not to take up had been received, together with the balance of the issue, has been placed with institutional and other investors.
OLIVER RESOURCES owns or has received total acceptances of its offer for North West Exploration in respect of 5.94m shares (48.05 per cent). The offer has been extended until December 13 when, except with the consent of the Takeover Panel it will lapse unless it has become or been declared unconditional.
WHITREAD AND COMPANY has acquired Homark Associates, manufacturer of beer dispensing equipment.

国際不動産コンサルタント

- 1 不動産鑑定
a) 融資の為
b) 開発/投資の為
c) 会計監査の為
d) その他
2 コンサルテーション
a) 事務所設置/移転に関して
b) 資料更新に関して
c) リース契約切れに関して
d) 固定資産税軽減に関して
e) 高級住宅に関して
f) 工場、倉庫に関して
g) その他不動産に関して

Knight Frank & Rutley
日本企業担当部
20 Hanover Square, London W1R 0AH
Telephone: 01-459-8171
Fax: 01-459-4598
エレクトロニック コーポレーション

TARGET TRUST MANAGERS LIMITED

hereby announce that:
Following the adoption of the scheme of amalgamation of Target Technology Fund with Target American Eagle Fund, the former holders of Target Technology fund will receive 0.5615891055 of an income unit in Target American Eagle Fund for each existing income unit held in Target Technology Fund at 30th November 1988. Allocations will be made to the nearest thousandth of a unit. Certificates in respect of the new holdings in Target American Eagle Fund will be despatched on or before 23rd January 1989.

This announcement appears as a matter of record only.

MILLS ACQUISITION CO.

US\$ 1,100,000,000

TENDER OFFER AND MERGER FACILITY

In connection with the acquisition of Macmillan Inc.

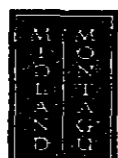
Arranged by Samuel Montagu & Co. Limited

Provided by

- Bank of America NT & SA The Bank of Nova Scotia
The Chase Manhattan Bank, N.A. Lloyds Bank Plc
Midland Bank plc National Westminster Bank Group

Agent Bank

Samuel Montagu & Co. Limited



September 1988.

This announcement appears as a matter of record only.



MAXWELL COMMUNICATION CORPORATION plc

US\$ 1,320,000,000

Transferable Syndicated Loan Facility

Arranged by Crédit Lyonnais London Branch



- Crédit Lyonnais, London Branch Société Générale London Branch
Swiss Bank Corporation

- Barclays Bank PLC Bayerische Vereinsbank AG(London Branch)
Crédit Agricole, London Branch Creditanstalt - Bankverein
The Long-Term Credit Bank of Japan, Limited Swiss Volksbank

Agent

Crédit Lyonnais London Branch

September 1988

UK COMPANY NEWS

Dobson Park expands in US as profits rise 26%

By Claire Pearson

DOBSON PARK Industries, mining equipment and engineering group, yesterday announced full-year pre-tax profits 26 per cent up at £17.7m...

last time. But a further £7.8m was charged against reserves. Transducers, which made pre-tax profits of £1.4m in the last financial year...

sale in July of Marathon, US mining equipment subsidiary. Earnings per share came out at 11.5p (10.0p)...

COMMENT Dowty Group, despairing of the market for mining equipment in the UK, last month decided to sell. Because this activity is relatively so much more important to Dobson Park...

Emess in £4m Far Eastern expansion

By Clay Harris

EMESS, the lighting and electrical accessories group, has bought a 45 per cent interest in Transformic Electronics...

The price was not disclosed, but Emess is believed to have paid about £4m. Transformic is a long-time supplier of lighting assemblies for Brillantleuchten...

The year to October 1 saw a sharp curtailment in orders for mining equipment from British Coal and the situation is expected to deteriorate further in 1989...

Willaire £4.3m acquisitions

By Ray Bashford

WILLAIRE Systems, USM-quoted industrial services, environmental and computer products company, is making two acquisitions for an initial consideration of £4.3m...

manages of the groups. To fund the initial consideration Willaire is issuing 23.9m ordinary shares at 18p...

£536,000 and had net assets of £519,000 at March 31 this year and Climperhurst pre-tax profits of £116,000...

Hanson completion

Hanson, industrial conglomerate, has completed the sale of Klöde Fire Protection to Pilgrim House Group...

Laporte purchase

Laporte Industries (Holdings), speciality chemicals concern, is paying \$5.1m (£2.75m) for a US maker of polymer-based products...

ACAL profit on target with £1.7m at midway

ACAL has confirmed the remarks made in the prospectus, with pre-tax profits for the half year to September 30 well ahead from £1.17m to £1.7m...

The group is involved in electronics and industrial controls. After tax of £704,000 (£502,000) earnings per 5p share rose from a restated 5.7p to 7.6p...

BICC in Spanish expansion

By David Waller

BICC, cable and construction group, is consolidating its position as a leading cablemaker in Europe with the purchase of a 20 per cent stake in Grupo Espanol General Cables (GEGC)...

take its holding to 49 per cent in 1992. The cost of the additional equity will be a minimum of £11.8m and a maximum of 7.5 times average post-tax earnings in 1990 and 1991...

performance. GEGC had sales of £163m in 1987 on which it made pre-tax profits of £11m. Net assets of the group after reconstruction for the management buyout stand at £14.9m...

Chestergate sale

Chestergate Group, the USM-quoted interior design and construction company formerly known as Shorplan, has announced that 1.1m of its ordinary shares have been sold to a group of new institutional investors...

SHARE STAKES

Changes in company share stakes announced recently include: Airflow Streamlines - Mr Edward and Mrs Olive Emily Loeber have acquired 47,500 ordinary (0.55 per cent)...

CHARTERHOUSE

Announcement for Information Only

Completion of the CROWTHER MANAGEMENT BUY-OUT

took place on 12 October 1988 at a total consideration of £93,000,000.

Charterhouse Development Capital Limited negotiated the purchase and arranged financing of the transaction.

Equity capital totalling £13.50 million was provided by the following leading institutions:-

EQUITY UNDERWRITING Charterhouse Buy-Out Fund

OTHER EQUITY SUBSCRIBERS Mercury Asset Management Limited Midland Montagu Ventures Limited

Charterhouse Development Capital is a member of IMRO THE ROYAL BANK OF SCOTLAND GROUP

Potential Made Possible

SO WHAT'S NEW?

Financial fraud is as old as money itself. The problem is that the amounts are bigger and the means more numerous. In December, The Banker looks at whether bankers are really mendacious or simply misunderstood.

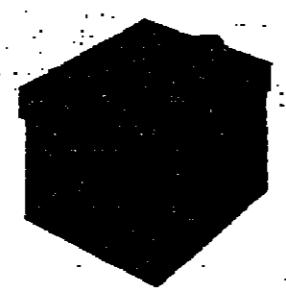


PLUS The Enforcers or Bolting the stable door... The SEC, the Financial Services Act, the DTI and the Basle Concordat. AND an exclusive interview at BCCI. ALSO IN THE DECEMBER ISSUE Back to Nature: Ecologists are delighted but will debt-for-nature swaps catch on?

THE BANKER A FINANCIAL TIMES MAGAZINE

Why firms depend on Tiffany's Corporate Division.

- A celebrated design staff that can create one-of-a-kind masterpieces for your most important customers and employees. Tiffany's distinctive blue box. A custom-tailored service recognition programme to reward your employees for longevity of service. Exclusive Tiffany sales incentive gifts that recipients cherish forever. Tiffany corporate dining accessories. China, flatware and crystal that carry your firm's logo. A professional, multilingual staff. Large inventories to insure that the business gifts in our catalogue are always in stock. An account executive who takes personal pride in serving all your business needs.



Multiple order capability nationwide, worldwide. To receive a catalogue, open an account or place an order, simply call 01-408 2271.

TIFFANY & CO. 25 OLD BOND STREET - LONDON - W1 - FAX 01-491 3110

LONDON STOCK EXCHANGE

Equities rally sharply in late trading

FIRST DEALINGS IN British Steel, the latest UK privatisation issue, dominated the UK stock market yesterday.

ling, while doing little to reduce fears of higher interest rates, depressed the blue chip export stocks.

Wall Street's opening burst caught some London traders unawares, and the blue chips were marked higher very quickly as market makers sought to fend off the transatlantic buyers.

Even the comments from major retail companies that consumer spending is beginning to slow down have left some equity market specialists concerned that another hike in base rates is by no means out of the question.

These concerns have been led by reports of pressures on the Federal Reserve to increase its discount rate, a move which would mean similar pressures in London.

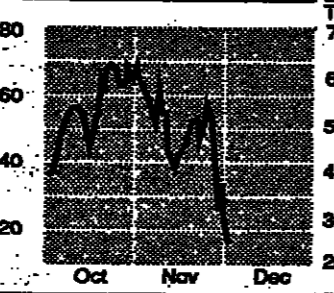
FINANCIAL TIMES STOCK INDICES

Table with columns: Dec 5, Dec 2, Dec 1, Nov 30, Nov 29, Nov, Year Ago, High, Low, Since Completion. Rows: Government Secs, Fixed Interest, Ordinary, Gold Mines, etc.

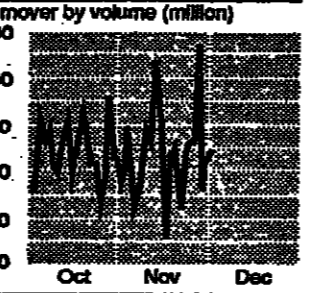
Steel "stags" dismayed

First dealings in British Steel proved a serious disappointment for the stags, with the 50p partly-paid shares achieving only a 24p premium.

FT-A All-Share Index



Equity Shares Traded



built up a 3 1/2 per cent stake in Jaguar. There was also unconfirmed talk last week that a bidder wanted 5m Jaguar shares.

Hughes of Hoare Govett. Careless Capel, where Kelt is bidding 115p a share, which was 120p after it was confirmed that Irish oil group Aran Energy is holding talks that could lead to a counter-bid for Careless.

Ward White down

Yet another downgrading in the beleaguered Stores sector saw Mr Nick Bubb, senior analyst at Morgan Stanley, lower his profits forecast for Ward White from 57.5m to 57m for this year and from 57m to 54m for 1989/90.

NEW HIGHS AND LOWS FOR 1988

Table listing new highs and lows for 1988, including stocks like BHP, BT, GEC, etc.

Jaguar active

If Jaguar cars ran on speculation instead of petrol they would be the fastest cars on the road at present. The shares outstripped the market yesterday on hopes that the British car maker, long seen as a tasty morsel to be devoured by one of the international car groups, is shortly to be the subject of a dawn raid by a European company.

Senior posts at General Accident

Mr Norman Graham, general manager and chief actuary of GENERAL ACCIDENT LIFE and General Accident Linked Life, is to retire on December 31. He will be succeeded on January 1 by Mr Jack Philp, deputy general manager.

HILL, SAMUEL INVESTMENT SERVICES GROUP

has appointed Mr John Penny as director, UK operations, with responsibility for the following group companies: HILL Samuel Personal Finance, Universal Credit, Hill Samuel Unit Trust Management, Hill Samuel Private Client Management, Robert White & Co and Hill Samuel Investment Services.

KVAERNER ENGINEERING, Slough

has appointed Mr Graham D. Pritchard as managing director. He was marketing manager.

UNITED BISCUITS

has made the following appointments. Mr Martin Lawrence becomes managing director of UB Chilled Foods, a division of UB (Ross Young's). He was sales director of the biscuits division and managing director of the export division of UB Brands.

STANLEY TOOLS

has appointed Mr Robert DePatie as managing director. He succeeds Mr Noel Williams who will remain as a consultant until his retirement at the end of March. Mr DePatie was president and general manager of both the steel and strapping systems divisions in the US.

RACAL-CRUBB SECURITY SYSTEMS

has promoted Mr David Mitchell, formerly operations manager, to operations director, and Mr Daniel Williams, formerly engineering manager, to director of systems engineering.

GIROBANK

has appointed Mr Derek Whittingham as head of credit and risk. He was senior corporate banking director with Midland Bank. Mr Gerald Gregory has been appointed to the new post of strategic planning manager. He was assistant treasurer.

Mr David Ball

has been appointed a non-executive director of EXPORT NETWORK. He is director of data services at Cable & Wireless.

closed a shade up at 162p. Bejam, which fell sharply at the end of last week following the revised bid from Iceland Frozen Foods, continued to slide and closed 6 down at 155p. Iceland were a fraction off at 315p. One marketmaker said investors continued to fear the bid would not go through because of the reluctance of the Aphthor family, which controls 90 per cent of Bejam. However, with the shares at a discount of more than 27p to the part cash offer, institutions may be inclined to sell.

Alexon, the clothing group was unchanged at 325p following a 50 per cent rise in half-year profits and a bullish presentation to analysts. An increase in interim profits by Norwich of 21 per cent, in line with market expectations, was not sufficient to buoy the shares and they finished 10 down at 310p. Bebeson Park, which produced profits up 25.5 per cent, put on 3 to 35p.

British Aerospace has been suffering recently from fears about the effects upon its business of the strengthening pound. But the shares recovered 9 yesterday to 438p as the market digested talk of possible links with Thomson of France.

Stores slipped lower as the 2 per cent rise in retail sales in October knocked hopes that the monetary squeeze on spending might be relaxed. Press speculation that US arbitrator Mr Asher Edelman has acquired 5 per cent of Storehouse kept the Couran group in the limelight. Trading was lively as nearly 6m shares changed hands and the consensus among dealers was that

COMMERZBANK

the CB German Index Fund represents some 85% of the market capitalization and close to 90% of the stock exchange turnover of the 60 shares included in the index. The Manager - CB German Index Fund Management Company S.A., Luxembourg, manages the fund, develops its overall investment strategy, and handles its day-to-day administration. The Investment Adviser - Commerzbank International Capital Management GmbH (CICM), a Frankfurt-based Commerzbank subsidiary specializing in the application of quantitative models of portfolio management, acts as the fund's adviser. The Custodian Bank - The custodian bank for the fund is Commerzbank International S.A., a Commerzbank subsidiary registered in Luxembourg.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 p.m. Columns include Stock, Volume, Price, % change.

although Edelman could well have a stake, it is unlikely he will use it to launch a bid. After a bright start the shares ended 5 1/2 weaker at 197p. Body Shop dropped 22 to 518p as speculation mounted that the company will announce bad news on the trading front fairly soon. Lowndes Queensway fell 3 to 49p amid talk that the group may have to halve its planned 3p dividend this year.

Walker stole the headlines, falling 9 to 314p amid confident talk that it has arranged a bid for the Tolly Colbold and Cameron pub chains owned by the Barclay brothers. The £235m deal was said to depend on the sale of Brent Walker's casino division for around £150m. The debut of flower distribution group Channel Express proved a minor success. The group's 2.85m shares were placed at 70p, immediately opened at 70 points higher before ending the day with a 8 pence premium at 78p. Turnover in traded options reached its eighth highest total ever, at 4,05 p.m., of 60,068 contracts, and with trading in British Steel boosting business further by the

expiry of its special introductory closing time of 5 p.m. By the close of all dealings, British Steel options contracts had reached some 20,000 contracts, representing 1,000 shares apiece, with call contracts outweighing put roughly in the ratio of 11 to 8. Jaguar stole the steel thunder, however, on the much smaller total of 5,375 contracts, divided between 5,151 calls and 224 puts. The overall business in standard hours lay in 31,887 calls and 28,221 puts. There was again heavy trading in the FT-SE 100 index contract, a total of 15,247 contracts consisting of 3,407 calls and 11,840 puts.

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 38

Commerzbank Headquarters, D-6000 Frankfurt/Main, P.O. Box 10 00 05, International Presence: Amsterdam, Antwerp, Atlanta, Barcelona, Beijing, Brussels, Buenos Aires, Cairo, Caracas, Chicago, Copenhagen, Geneva, Hong Kong, Istanbul, Jakarta, Johannesburg, London, Los Angeles, Luxembourg, Madrid, Manama (Bahrain), Mexico City, Moscow, New York, Osaka, Paris, Rio de Janeiro, Rotterdam, Sao Paulo, Singapore, Sydney, Tehran, Tokyo, Toronto, Zurich.

FT UNIT TRUST INFORMATION SERVICE

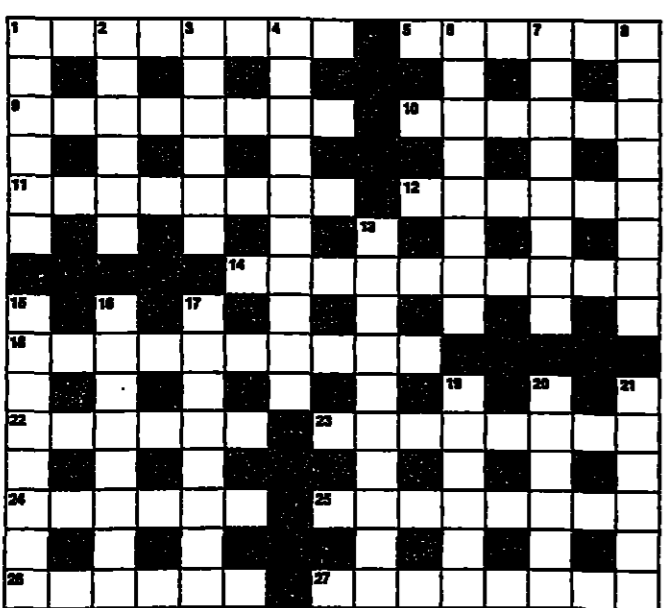
Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, B & C Unit Trust, and others, with columns for name, manager, and price.

CROSSWORD

No. 6,804 Set by DINMUTZ



- ACROSS
1 Socratic sort of word-puzzle (6)
2 Rough region to pass over (6)
3 Catalogue, if in superior cover (6)
4 Gift of old money (6)
5 Cheat abroad reverses streets (6)
6 Piece of meat at home for the composer (6)
7 False trade-plate found in the Lake District (10)
8 Fine lines on old constable, say? (10)
9 Looks forward to a waist that changes shape (6)
10 Motorway anxiety kept woman here (6)
11 Old bird providing hot water (6)
12 Top article in French newspaper (6)
13 Hemingway in modern estimation (6)
14 A second-best outside heat-shield (8)
15 One in charge of the farm butchers? (8)
16 Public plot having no dividing walls (4,4)
17 Former wife nursed and was really stretched (8)
18 Furry sides out of such robust character (10)
19 Confusion of order given to the few (8)
20 Swimming-race includes some army volunteers (8)
21 Yet lock will not prevent it from flying up the wall (8)
22 Walked with purpose around Dorset (6)
23 Start out to get record in the river (6)
24 Prized things like television receivers (6)
25 Solution to Puzzle No.6,803

Table containing the crossword puzzle answers, including words like 'SOPHOCLES', 'MONTAGNE', 'CASH', 'MONEY', 'REVERSES', 'PIZZA', 'MOTORWAY', 'HOT WATER', 'TOP ARTICLE', 'HEMINGWAY', 'FARM BUTCHERS', 'PUBLIC PLOT', 'FORMER WIFE', 'FURRY SIDES', 'CONFUSION', 'SWIMMING-RACE', 'YET LOCK', 'WALKED WITH PURPOSE', 'START OUT', 'PRIZED THINGS', and 'SOLUTION'.

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.
The price at which units may be bought.
The price at which units may be sold.
The maximum period between the offer and bid price is determined by a formula laid down by the government. In practice, unit managers quote a much narrower spread. As a result, the bid price is often not well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.
The time shown alongside the fund manager's name is the time at which the unit trust's daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: F - 0900 to 1100 hours; M - 1100 to 1400 hours; A - 1400 to 1700 hours; P - 1700 to midnight.
The letter U denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The price appearing in the table is the price at which the manager will deal on a historic price basis. The price appearing in the table is the price at which the manager will deal on a historic price basis.
Other explanatory notes are contained in the last column of the FT Unit Trust Information Service.

Table listing unit trusts and their prices, including Abbey Unit Trust, B & C Unit Trust, and others, with columns for name, manager, and price.

هكذا من الأجر

FT UNIT TRUST INFORMATION SERVICE

Current Unit Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Main table containing unit trust information, including columns for company names, unit prices, and other financial details. The table is organized into sections such as 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table of unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sections for various fund categories like Equity, Bond, and Money Market.

Continuation of unit trust information table, listing various fund names and their corresponding prices and yields.

MANAGEMENT SERVICES

Table listing management services, including names of firms and their contact information.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas investment options, including names of funds and their details.

Additional information and notes at the bottom of the page, including contact details for the FT Cityline service.

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Type, and other details.

Table of Other Offshore Funds, listing various offshore investment funds.

Table of London Share Service, listing various shares and funds with columns for Name, Price, and other details.

Table of Money Market Trust Funds, listing various money market trust funds.

Table of Money Market Bank Accounts, listing various bank accounts and services.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound continues to advance

SPECULATIVE MONEY looking for an attractive rising place moved into sterling yesterday. Money moving out of the dollar was attracted to the pound by high London interest rates...

The French franc held up well in quiet Paris trading, gaining ground against the dollar and the D-Mark. In spite of a growing concern about labour unrest...

The West German Bundesbank did not intervene when the dollar was fixed at DM1.7223, against DM1.7334 on Friday. The pound's exchange rate index, according to the Bank of England...

A much larger than expected rise in November US non-farm payrolls was offset by some conflicting data. Including a rise in the total unemployment rate...

At the close in London yesterday the dollar had fallen to DM1.7240 from DM1.7290; to SF1.4450 from SF1.4500; and to FF5.8900 from FF5.9100...

The yen's less than impressive performance was largely symbolic, reflecting news of a deterioration in the health of Emperor Hirohito.

There were no fresh factors, but the dollar maintained a weak tone after last Friday's US employment data failed to produce a rise in the Federal Reserve's discount rate...

FINANCIAL FUTURES

Prices cautiously firmer

Sterling based prices finished with small gains in yesterday's Life market. While the size of the improvement was modest, the rise in itself denoted a change in sentiment...

above most expectations - was absorbed without too much trauma. Credit advances were just on the right side of bearable...

In addition, many investors are already running short positions, and for this reason alone, the downside potential

on three-month sterling deposit futures may be limited. Prices moved firmer after the opening, as many traders expected a downward revision in retail sales.

swallowed without too much reaction, and three-month sterling deposits for March delivery rose to 86.57 from 86.87 at the start and 86.89 on Friday.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates with columns for currency, rate, and change.

LIFFE LONG CALL FUTURES OPTIONS

Table showing LIFFE Long Call Futures Options with columns for strike price, call settlements, and put settlements.

LIFFE US TREASURY BOND FUTURES OPTIONS

Table showing LIFFE US Treasury Bond Futures Options with columns for strike price, call settlements, and put settlements.

EUROPEAN OPTIONS EXCHANGE

Table showing European Options Exchange data with columns for series, bid, ask, and stock prices.

Table showing various market indices and rates, including London (LIFFE), Chicago, and Japanese Yen.

£ IN NEW YORK

Table showing the £ in New York market with columns for Dec 5, Dec 4, and Dec 3 prices.

POUND SPOT - FORWARD AGAINST THE POUND

Table showing Pound Spot - Forward Against the Pound with columns for Dec 5, Dec 4, and Dec 3 prices.

LONDON (LIFFE)

Table showing London (LIFFE) market data with columns for Dec 5, Dec 4, and Dec 3 prices.

CHICAGO

Table showing Chicago market data with columns for Dec 5, Dec 4, and Dec 3 prices.

BASE LENDING RATES

Table showing Base Lending Rates for various banks and currencies.

CURRENCY RATES

Table showing Currency Rates for various currencies against the dollar.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot - Forward Against the Dollar with columns for Dec 5, Dec 4, and Dec 3 prices.

THREE MONTH STERLING

Table showing Three Month Sterling market data with columns for Dec 5, Dec 4, and Dec 3 prices.

THREE MONTH EURO-DOLLAR

Table showing Three Month Euro-Dollar market data with columns for Dec 5, Dec 4, and Dec 3 prices.

COMPANY NOTICES

Table showing various company notices and financial data.

CURRENCY MOVEMENTS

Table showing Currency Movements with columns for Dec 5, Dec 4, and Dec 3 prices.

EURO-CURRENCY INTEREST RATES

Table showing Euro-Currency Interest Rates with columns for Dec 5, Dec 4, and Dec 3 prices.

THREE MONTH EURO-DOLLAR

Table showing Three Month Euro-Dollar market data with columns for Dec 5, Dec 4, and Dec 3 prices.

THREE MONTH STERLING

Table showing Three Month Sterling market data with columns for Dec 5, Dec 4, and Dec 3 prices.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies.

OTHER CURRENCIES

Table showing Other Currencies with columns for Dec 5, Dec 4, and Dec 3 prices.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies.

THREE MONTH EURO-DOLLAR

Table showing Three Month Euro-Dollar market data with columns for Dec 5, Dec 4, and Dec 3 prices.

THREE MONTH STERLING

Table showing Three Month Sterling market data with columns for Dec 5, Dec 4, and Dec 3 prices.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies.

MONEY MARKETS

Steadier tone

INTEREST RATES ignored sterling's firmer trend, and a rise in October final retail sales figures, to finish little changed on the day in London yesterday.

The key three-month interbank rate was unchanged at 13.75-13.75 p.c. Interest rates are now peaking at three-month

outright purchases of \$81m of eligible bank bills in band 3, at 12 3/4 p.c., and in band 4, at 12 3/4 p.c., on the day in London yesterday.

The forecast was revised to a shortage of around £250m, before taking into account the morning help, and the Bank gave additional assistance in the afternoon of £25m, through outright purchases of eligible bank bills in band 4 at 12 3/4 p.c.

The expected drain on liquidity, caused potentially by the British Steel share issue, failed to materialise, and contingency plans made by the Bank to provide temporary liquidity were not implemented.

A shortage of liquidity and fears of higher interest rates in the US, pushed French short-term money rates firmer. Call money was quoted as high as 7 1/2 p.c., above the Bank of France money market intervention rate of 7 1/4 p.c.

However, the French franc has so far performed reasonably well against its EMS partners, which suggests that the authorities may wish to postpone any possible rise in rates. But political uncertainty, and the continued strike by public sector workers may eventually try the patience of foreign investors, and prompt a speculative run on the franc.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing with columns for Dec 5, Dec 4, and Dec 3 prices.

MONEY RATES

Table showing Money Rates with columns for Dec 5, Dec 4, and Dec 3 prices.

THREE MONTH EURO-DOLLAR

Table showing Three Month Euro-Dollar market data with columns for Dec 5, Dec 4, and Dec 3 prices.

THREE MONTH STERLING

Table showing Three Month Sterling market data with columns for Dec 5, Dec 4, and Dec 3 prices.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies.

LONDON MONEY RATES

Table showing London Money Rates with columns for Dec 5, Dec 4, and Dec 3 prices.

THREE MONTH EURO-DOLLAR

Table showing Three Month Euro-Dollar market data with columns for Dec 5, Dec 4, and Dec 3 prices.

THREE MONTH STERLING

Table showing Three Month Sterling market data with columns for Dec 5, Dec 4, and Dec 3 prices.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies.

MONEY MARKETS

maturity, and showing a slightly downward curve from there out to one-year. Overnight money traded between 13 1/4 p.c. and a low of 11 p.c.

MONEY MARKETS

The Bank of England forecast a shortage of around £200m, and factors affecting the market included bills maturing in official hands and a take up of Treasury bills, together with repayment of late assistance draining £741m, and banks' balances brought forward £115m below target.

Advertisement for MDM GENEVE watches, featuring a watch image and text: 'LA MONTRE DES MONTRES MDM GENEVE LA MONTRE DES MONTRES'.

Advertisement for WestLB bank, featuring the logo and text: 'WestLB Westdeutsche Landesbank'.

Advertisement for RAND MINES LIMITED, featuring a notice of annual general meeting.

Advertisement for STRUTT & PARKER, featuring the text: 'To make the right information you need the right information'.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-825-2128

LEISURE - Cont'd

Table of share prices for Leisure sector including companies like Leisure Group, Leisure Leisure, Leisure Leisure, etc.

PROPERTY

Table of share prices for Property sector including companies like Property Property, Property Property, etc.

TEXTILES - Cont'd

Table of share prices for Textiles sector including companies like Textiles Textiles, Textiles Textiles, etc.

TOBACCO

Table of share prices for Tobacco sector including companies like Tobacco Tobacco, Tobacco Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, and Land sector including companies like Trusts Trusts, Finance Finance, etc.

TRUSTS, FINANCE, LAND - Cont'd

Continuation of share prices for Trusts, Finance, and Land sector.

OIL AND GAS - Cont'd

Table of share prices for Oil and Gas sector including companies like Oil Oil, Gas Gas, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector including companies like Overseas Overseas, Overseas Overseas, etc.

MINES - Cont'd

Table of share prices for Mines sector including companies like Mines Mines, Mines Mines, etc.

Miscellaneous

Table of share prices for Miscellaneous sector including companies like Miscellaneous Miscellaneous, Miscellaneous Miscellaneous, etc.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors and Aircraft Trades sector including companies like Motors Motors, Aircraft Aircraft, etc.

Commercial Vehicles

Table of share prices for Commercial Vehicles sector including companies like Commercial Commercial, Vehicles Vehicles, etc.

Components

Table of share prices for Components sector including companies like Components Components, Components Components, etc.

Garages and Distributors

Table of share prices for Garages and Distributors sector including companies like Garages Garages, Distributors Distributors, etc.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers and Publishers sector including companies like Newspapers Newspapers, Publishers Publishers, etc.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, and Advertising sector including companies like Paper Paper, Printing Printing, Advertising Advertising, etc.

SHIPPING

Table of share prices for Shipping sector including companies like Shipping Shipping, Shipping Shipping, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather sector including companies like Shoes Shoes, Leather Leather, etc.

SOUTH AFRICANS

Table of share prices for South Africans sector including companies like South South, Africans Africans, etc.

TEXTILES

Table of share prices for Textiles sector including companies like Textiles Textiles, Textiles Textiles, etc.

Investment Trusts

Table of share prices for Investment Trusts sector including companies like Investment Investment, Trusts Trusts, etc.

Finance, Land, etc

Table of share prices for Finance, Land, etc sector including companies like Finance Finance, Land Land, etc.

PLANTATIONS

Table of share prices for Plantations sector including companies like Plantations Plantations, Plantations Plantations, etc.

THIRD MARKET

Table of share prices for Third Market sector including companies like Third Third, Market Market, etc.

Far West

Table of share prices for Far West sector including companies like Far Far, West West, etc.

G.F.S.

Table of share prices for G.F.S. sector including companies like G.F.S. G.F.S., G.F.S. G.F.S., etc.

Diamond and Platinum

Table of share prices for Diamond and Platinum sector including companies like Diamond Diamond, Platinum Platinum, etc.

Central Africa

Table of share prices for Central Africa sector including companies like Central Central, Africa Africa, etc.

Finance

Table of share prices for Finance sector including companies like Finance Finance, Finance Finance, etc.

OIL AND GAS

Table of share prices for Oil and Gas sector including companies like Oil Oil, Gas Gas, etc.

MIFES

Stock Exchange dealing classifications are indicated to the right of security names in the MIFES column. Unless otherwise indicated, prices and net dividends are in pence and denominated in pence. Estimated performance ratios and awards are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/E ratios are calculated on the basis of the latest reported earnings per share and the current market price. Dividend yields are based on the current market price and the latest reported dividend. Dividend yields are based on the current market price and the latest reported dividend. Dividend yields are based on the current market price and the latest reported dividend.

REGIONAL & IRISH STOCKS

Table of share prices for Regional and Irish Stocks sector including companies like Regional Regional, Irish Irish, etc.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options sector including companies like Traditional Traditional, Options Options, etc.

Property

Table of share prices for Property sector including companies like Property Property, Property Property, etc.

Mines

Table of share prices for Mines sector including companies like Mines Mines, Mines Mines, etc.

WORLD STOCK MARKETS

ASIA

Table of stock market data for Asia, including columns for stock names, prices, and changes.

FRANCE (continued)

Table of stock market data for France, including columns for stock names, prices, and changes.

GERMANY (continued)

Table of stock market data for Germany, including columns for stock names, prices, and changes.

ITALY (continued)

Table of stock market data for Italy, including columns for stock names, prices, and changes.

SWEDEN

Table of stock market data for Sweden, including columns for stock names, prices, and changes.

NETHERLANDS

Table of stock market data for Netherlands, including columns for stock names, prices, and changes.

SPAIN

Table of stock market data for Spain, including columns for stock names, prices, and changes.

FINLAND

Table of stock market data for Finland, including columns for stock names, prices, and changes.

FRANCE

Table of stock market data for France, including columns for stock names, prices, and changes.

JAPAN

Table of stock market data for Japan, including columns for stock names, prices, and changes.

CANADA

Table of stock market data for Canada, including columns for stock names, prices, and changes.

NEW YORK

Table of stock market data for New York, including columns for stock names, prices, and changes.

INDICES

Table of stock market indices, including columns for index names and values.

TRADING ACTIVITY

Table of trading activity, including columns for stock names and trading volumes.

CANADA

Table of stock market data for Canada, including columns for stock names, prices, and changes.

NEW YORK ACTIVE STOCKS

Table of active stocks in New York, including columns for stock names, prices, and changes.

TOKYO - Most Active Stocks

Table of most active stocks in Tokyo, including columns for stock names, prices, and changes.

HONG KONG

Table of stock market data for Hong Kong, including columns for stock names, prices, and changes.

FINANCIAL TIMES

Table of financial data, including columns for various financial metrics.

FINANCIAL TIMES

Table of financial data, including columns for various financial metrics.

FINANCIAL TIMES

Table of financial data, including columns for various financial metrics.

Advertisement for 'Travelling on Business in Luxembourg?' featuring hotel recommendations.

Advertisement for 'Travelling on Business?' featuring hotel recommendations.

Advertisement for 'Have your F.T. hand delivered' with contact information.

Large advertisement for 'Have your F.T. hand delivered in Norway' with contact information.

Vertical text on the left margin, including 'IS POWER' and 'RUTT & MARKER'.

NYSE COMPOSITE PRICES

OVER-THE-COUNTER

Nasdaq national market, 3pm prices December 5

Main table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change.

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

Advertisement for Stockholm (08) 235305, featuring the text 'Have your F.I. hand delivered' and 'Stockholm (08) 235305'.

AMERICA

Dow rallies in absence of a discount rate increase

Wall Street

THE ABSENCE of the widely expected increase in the discount rate helped equities to rally strongly yesterday, writes Janet Bush in New York.

The market was also boosted by the unveiling of a new form of share buy-back scheme called "unbundled units", which allows companies to borrow without undergoing a large recapitalisation scheme.

Bond analysts believe that a rise in the discount rate is now inevitable as the markets need a sign of the Fed's anti-inflationary resolve.

The stability of the dollar yesterday in spite of the lack of a discount rate increase is one factor which may delay any move by the Fed which may want to keep ammunition in store for a time of pronounced dollar weakness.

A survey of analysts' views on the economy compiled by the National Association of Business Economists showed that the consensus of forecasters are expecting US growth to slow to a real rate of 2.5 per cent in 1989 compared with an expected 3.8 per cent this year.

The combination of these two factors pushed the market up strongly. By 3pm, the Dow Jones Industrial Average stood 31.12 higher at 2,123.40, its highest level for about a month.

Speculation of an increase in the 6.5 per cent discount rate had been strengthening even before last Friday's employment figures which showed a much larger than expected 463,000 jump in the non-farm payroll last month.

Shares of companies rumoured recently to be possible takeover candidates. Time rose 1% to \$100.40, Mead added 3% to \$40.90 and McGraw-Hill was up 1% to \$33.70.

Among featured individual stocks, General Motors surged 2% to \$56 after an analyst was reported to have said the company's stock could rally if it went ahead with a boost in its dividend next year.

British Steel was the most active issue on the New York Stock Exchange yesterday morning as trading began in the newly privatised company.

Chemical Banking dropped 1% to \$32.40 after news that the Federal Reserve had cleared its acquisition of Horizon Bancorp. Horizon rose 1% to \$73.90.

AMID expectations of a prime rate increase by commercial banks, Toronto shares posted a minor gain at mid-session.

International Thomson, with plans to sell its oil and gas interests, rose 3% to C\$14.40, while Teck gained 3% to C\$18.00 on news that it had bought shares in Golden Knight.

The announcements of this new kind of restructuring, designed by Shearson Lehman Hutton, also helped other

ASIA PACIFIC

Emperor's worsening illness brings caution

Tokyo

THE HIGH level of prices and a worsening in the Emperor's illness brought a cautious tone to the market and the Nikkei average lost ground in substantially lower volume, writes Michiko Nakamoto in Tokyo.

The index diverged from a high of 29,655.90 to a low of 29,438.66 but recovered a large portion of its losses to close down 50.82 at 29,514.68. Falls led gains by 541 to 281 and 136 issues were unchanged. Volume was much lower at 652m shares, compared with the 1.24m on Friday.

The Topix index of all listed shares lost 5.59 to 2,289.57 and in later trading in London the Nikkei 50 index rose 2.55 to 1,850.17.

There was no visible trend to the Tokyo session, in which prices fell very quickly on little volume. The Emperor, who has been ill since mid-September, was reported to be in a worse condition. The new Nikkei high of 29,655.90 was reached in half-day trading on Saturday, also kept investors wary.

Bargain-hunting later in the day helped share prices recover significantly, reflecting the underlying firmness of market sentiment, according to

Mr George Nimmo at SBCI Securities (Asia).

All eyes were on Mitsubishi Motors Company (MMC), part of the Mitsubishi Group, which was listed for the first time. Mitsubishi Motors, which had a pre-listing public offer price of ¥850, was the most heavily traded issue at 43.2m shares, although it was traded on only four occasions. It closed the morning session with only bid prices, which continued to rise on waves of buy orders. The initial quotation for MMC was ¥1,300 and the issue closed at ¥1,440, or ¥80 above its pre-listing price. Analysts said interest was particularly high as car and large-capital stocks are becoming increasingly popular.

One notably strong sector amid the overall downturn was utilities. Many reported good half-year results last week and the stocks are considered to be undervalued. There was particular interest in regional utilities, which generally did better than the big city companies, such as Tokyo Electric Power, which lost ¥50 to ¥6,850 and Kansai Electric Power, which fell ¥20 to ¥4,270.

Chubu Electric Power advanced ¥80 to ¥4,060. The company supplies electricity to

the Nagoya area, where the car industry and the overall economy are doing well, leading to expectations that demand for Chubu's power will remain strong.

Other strong performers included Chugoku Electric Power, up ¥150 to ¥3,350, and Tokoku Electric power, which advanced ¥180 to ¥3,280. Large capital steels and shipings were out of favour. Kobe Steel, second most active with 37.2m shares traded, fell ¥12 to ¥753, while Nippon Steel lost ¥10 to ¥935 in heavy trading. Kawasaki Steel was unchanged at ¥1,070.

Achilles, an integrated rubber and plastics processor, posted a substantial gain of ¥200 to ¥1,230 in the third most active trading of 23.7m shares on the view that it was undervalued. Leading stocks fell out of favour in Osaka, and the OSE average lost 109.25 to 27,618.57. Volume was very low at 36m shares, compared with 105m on Friday. Achilles was the best performer in Osaka, where it added ¥200 to ¥1,230.

Roundup

WEAKNESS in New York and

Tokyo depressed the main regional markets and only Hong Kong managed a rise. South Korean shares, cocooned from outside influences, saw further sharp gains while Taiwan dropped sharply again.

HONG KONG overcame hesitation about the weekend rise in local prime rates to 10 per cent from 9 1/2 per cent and held steady despite Wall Street's weakness on Friday. The commercial and industrial sector showed the main gains, leaving the Hang Seng index 4 better at 2,671.25 in fairly active trading of HK\$1.2bn.

Speculation that Cavendish International would be taken private sent the stock up 27% to HK\$3.35 and boosted related stocks Hutchison, 5 cents better at HK\$8.80, and Cheung Kong, up 15 cents at HK\$6.65.

AUSTRALIA remained thin and uneventful, with Friday's weakness on Wall Street leaving shares slightly lower overall. Companies with large borrowings suffered in particular from fears of a rise in interest rates in the US - and other signs of economic overheating in Friday's American jobs figures.

The All Ordinaries index finished 3.7 lower at 1,447.2 in low volume of 96m shares worth AS\$154m, exacerbated by technical difficulties that delayed screen prices.

In industries, Bond Corp lost 10 cents to AS\$1.70 in turnover of 1.6m shares after going ex an 8-cent dividend. BHP was also active on 2.5m shares, off 8 cents to AS\$6.65. CSR, in which Fletcher Challenge announced a 9.77 per cent stake, shed 6 cents to AS\$4.28.

Resources saw Bougainville Copper off 2 cents to AS\$2.50, reacting less sharply than on Friday to news of further sabotage at its Panguna mine in Papua New Guinea. Western Mining, which has agreed the purchase of 60 per cent of the Agnew nickel mine from BP Australia, rose 9 cents to AS\$1.65.

SINGAPORE eased in continued thin trading of 11.2m shares, similar to Friday's 11m, with interest rate worries leaving the Straits Times Industrial index 6.21 weaker at 936.16.

There were 111 falls to only 22 rises, and institutions again stayed out of the market, leaving activity to retail investors.

TAIWAN weakened further after Saturday's 300-point plunge. The weighted index lost 139.71 to 6,310.62.

EUROPE

Frankfurt confounds by finishing stronger

EVENTS on Wall Street kept a hold on European trading yesterday but there was an unlikely bid for freedom by West German shares, which managed small gains, writes Our Markets Staff.

FRANKFURT surprised analysts by rallying despite an unimpressive picture on interest rates and the dollar. Turnover in German shares was DM2.3bn - reasonable compared with last week's lows.

The FAZ was up 3.41 at mid-session at 529.96 and the DAX finished 6.45 higher at 1,282.23. Thyssen, a popular stock with analysts, came out with a forecast that its pre-tax profits this year would double to at least DM1.1bn. The news was largely in the price already, said one analyst, and the stock rose just DM1.60 to DM181.60.

In cars, VW powered ahead by DM7.10 to DM325.80 although the company said rumours it was trying to build a stake in Jaguar, the UK luxury car maker, were unfounded. VW, which was the day's most active stock with DM423m worth of shares traded, receives a listing in Tokyo today.

Computer stock Nixdorf, which plunged last week on poor prospects for profits and dividends this year, picked up DM5 to DM239.50, but some brokers expect it to fall back again and to bottom out at around DM200 or even lower.

A buoyant capital goods sector saw MAN rise DM1.90 to DM239.70 after its 24 per cent rise in global profits last week, and Mannesmann gain DM2.10 to DM194.60.

AMSTERDAM was given a late injection of life after Wall Street opened firmly. The CBS all-share index finished the day 0.5 higher at 93.3.

Bols, the distiller, added F1 5 to F1 144.50 on plans for co-operation with Heineken, unchanged at F1 130.50. There was little specific on the plans, but speculation centred on Bols possibly taking over Heineken's peripheral distilling activities. One analyst said Heineken was unchanged because the stock was not looking cheap on fundamentals, given that it appeared immune to takeover.

Steel stock Hoogovens remained strong, gaining F1 3.90 to F1 72.60, a new high for the year. The positive outlook for the industry and the over-subscription of the British Steel offer last week are both helping the stock.

Shipping stock Nedlloyd rose a sharp F1 6.50 to F1 235, recovering most of Friday's fall, on continued speculation about a takeover bid.

MILAN finished weaker in quiet trading, with little interest from abroad. The Comit index fell 2.84 to 582.41 amid worries over the global interest rate environment.

However, mutual fund figures for November showed a better picture, with redemptions below 1,600bn compared with over 1,900bn in October.

Italcable, the overseas carrier for Stet, the state telecommunications holding company,

plunged L1,310 to L11,600 after Friday's proposal for a share swap scheme for the incorporation of Stet's main operating units. Sip, the telephone company, shed L43 to L3,000.

One Italian analyst said Sip appeared on the face of it to be a bargain at an expensive one: the proposals from a panel of experts are for Sip shareholders to receive four Stet shares for five of Sip, and for Italcable shareholders to receive three Stet for each Italcable.

PARIS had a quiet session with few features. Volume was low and share prices ended weaker, though slightly up on the day's lows.

The CAC General index put on L1 to 392.3 and the OMF 50 index lost 0.63 to 404.60. One dealer in Paris said: "Everyone came in expecting it to be a

bad day because of Wall Street's drop on Friday and it did become a bad day." Wall Street's early strength yesterday had little impact on Paris.

Spain was one of the day's largest movers, adding FFr145 or 14 per cent, to FFr1,199. Thomson-CSF, electronics group, fell 50 centimes to FFr199.50 with Bae of the UK confirming the two were discussing a possible alliance.

ZURICH returned from the weekend in quiet mood, with much of the recent switching between bearer stock and participation certificates apparently completed for now.

One dealer said many institutions had closed their books for the year and this would keep volumes low for the next couple of weeks. The Credit Suisse index fell 1.2 to 508.7. OSLO responded favourably

to stable North Sea oil prices and the strength of the Norwegian krone. The all share index continued its climb, rising 0.43 to another high for the year of 308.69. Norsk Hydro gained Nkr1 to Nkr109 while Elkem added Nkr3.50 to Nkr164.50.

STOCKHOLM was buoyed by strong foreign interest in blue chips. The Affarsvarlden index added 6 to 972.4.

BRUSSELS ended marginally easier in quiet trading on the final day of the forward market account. The cash market index eased 13.57 to 5,324.69.

Wagons-Lits went against the trend with a rise of Bfr180 to Bfr1,170. MADRID continued to languish as investors stayed away, and the general index lost 1.23 to 275.65.

Rotten reports take little toll on state of Denmark

The strong bond market is helping equities to highs, writes Hilary Barnes

THE Danish equity market appears to be in the midst of an unstoppable recovery, apparently unflinched by one dismal report after another predicting macro-economic disaster for the country if the politicians do not soon stop the foreign debt from growing.

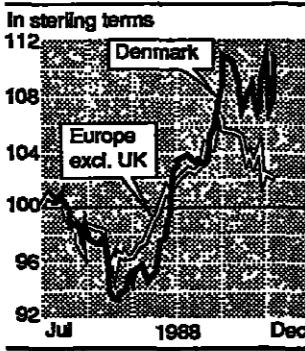
The all-share index passed its previous all-time high last Thursday, two days after the Economic Advisory Council, one of the most prestigious analysis institutes, predicted that 1989 would be another year with no economic growth. Share prices have since maintained their upward momentum, with the index closing yesterday at a new high of 258.30, up 1.94 on the day.

Share prices have risen by about 34 per cent since the year began, with the index standing about 20 per cent higher than its pre-Black Monday level.

Two main factors lie behind the recovery, say brokers. Leading industrials are reporting better-than-expected interim results; expectations of good figures from East Asiatic in its third quarter report, due on Thursday, are behind EAC's 3.4 per cent rise over the past week, to DKr276 yesterday.

Record annual profits reported last week by Carlsberg confirmed the market's view that export-based industrials have achieved a significant turnaround this year.

FT-A World Indices



A marked rise in bond yields, and falling effective yields, down by almost 2.5 percentage points to just over 10 per cent since the end of last year - has also had a key impact on the market. Declining bond yields make shares an attractive alternative.

There has been some speculation that, with the gap between bond yields in West Germany and Denmark narrowing to about 3 points, the rise in Danish bond prices has to stop, but so far the pessimists have been proved wrong. Prices rose by a further quarter of a point yesterday and foreign investors showed no sign of nervousness.

The strong performance in the bond market has a direct influence on the banks and insurance companies. Portfolio gains and losses, whether realised or not, are entered fully into the profit and loss account in the year in which they occur, so the financial service companies are expected to show a big improvement in earnings this year. The bank

share price average has risen by 13 per cent this year, insurance companies by 46 per cent.

The shipping index has risen by 74 per cent so far this year, led by Lauritzen Holding, which has jumped from DKr12,400 at the end of last year to its present DKr29,000. Lauritzen, which operates one of the world's two largest fleets of refrigerated cargo vessels, confirmed its recovery from a long period of restructuring by placing an order for three new refrigerated cargo vessels late last week.

Shares in the A P Moller companies, D/S 1912 and D/S Svendborg, are both up by more than 60 per cent this year. Moller is in the process of placing orders for nine feeder container vessels to supplement its large liner fleet.

Industrials have also performed well, with that sector's index up by about 52 per cent this year. Nearly all the larger industrials, including Carlsberg, Novo, Danish Sugar, Superfos and Northern Feather, have published interim reports which point to satisfactory full-year earnings.

So far the equity market's recovery has not produced much new issue activity. Hojgaard Holding, holding company for the large building and construction group, Hojgaard & Schulz, was the first to test the market last month, but had some difficulty selling the issue.

Some smaller companies are rumoured to have issue plans for the spring, but with investment activity in industry currently in decline, no key issues are expected in the immediate future.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Friday December 2 1988, Thursday December 1 1988, and Dollar Index. Rows list various countries and regions with their respective indices and percentage changes.

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.03 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited, 1987. Latest prices were unavailable for this edition.

Advertisement for Gardner Merchant catering. Features the headline 'Contract catering' and text describing the company's services, including an annual turnover of £500m and being Europe's largest catering company. Includes the Gardner Merchant logo and contact information.